

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JUNE 1959

Banks Can Be Protected

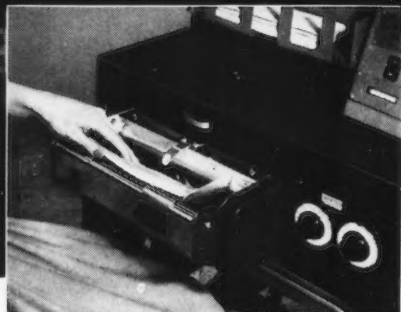
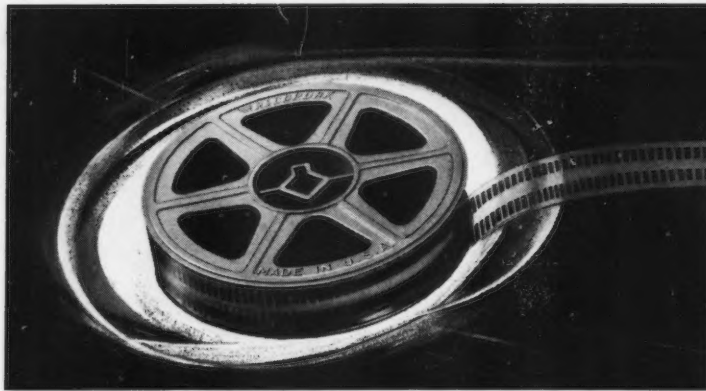
J. Edgar Hoover Has a Few Timely Suggestions

(page 42)

5,000 New Bank Officers Yearly

An Interview with FDIC's Chairman Wolcott on
Supply and Demand in Management Material

(page 44)



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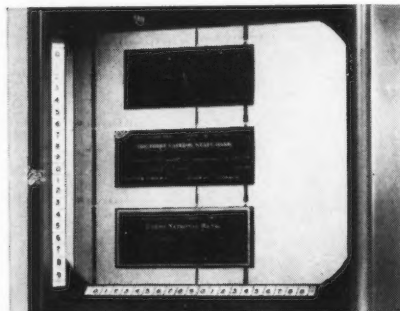
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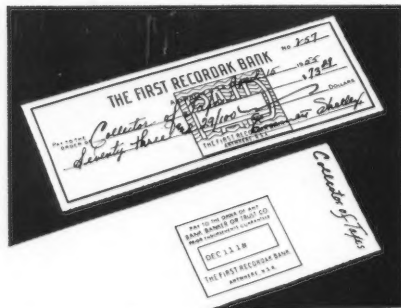
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JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

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In This Issue

A Word from FBI's JEH

Violations of the Federal Bank Robbery Statute have increased in 1959, and, if the present rate continues, more than 800 burglaries, robberies, and larcenies are in store for American banks this year, says J. Edgar Hoover, director, Federal Bureau of Investigation, in an article on page 42. Its title, "Banks *Can* Be Protected," indicates that Mr. Hoover has some constructive things to say—and he says them. He offers suggestions for thwarting bank robberies and adds 10 pointers on what to do when trouble strikes. Incidentally, the article notes that enforcement agencies are concerned by the role of the so-called "amateur" bandits.

Tomorrow's Management

In a BANKING interview (page 44), FDIC Chairman Wolcott talks about management succession, a problem serious enough, he thinks, "to merit more attention than it is now receiving." But it gradually is being solved he says: "Better compensation for junior officers, including fringe benefits, and the encouragement created by opportunity for advancement will attract and hold for banking capable, career-seeking young men."

How to Build Business on \$10,000 a Year

The Littleton (Colo.) National Bank has an advertising-public relations budget of about \$10,000 a year. The money, it seems, is being spent wisely and well on a simple, homey program which Adman Frank Flesher talks about in a little story in this month's Ideas at Work (page 69). The result, he says, is "sustained growth," which is what everybody's after, regardless of what he spends.

Not Just for Trustmen

The Second Southern Trust Conference, conducted by the A.B.A. Trust Division at Birmingham, Ala., had a program that included many ideas of interest not only to the specialists present. We have reported some of these in various parts of this issue—the Investment Forum, Better Methods and Systems, Ideas at Work—where they are at your service.

"Humpty Dumpty
 Sat on a Wall"



THE INDIANAPOLIS NEWS

BANKING'S Investment Forum

Issuers of Municipals Should **Keep Investors Informed**

BOTH common sense and the requirements of supervisory authorities make it advisable that banks have on file adequate and timely credit information for all securities in their portfolios, not only when securities are first acquired but so long as they continue to be held. Banks should obtain such credit information from time to time either from bond dealers or directly from the issuer. Some issuers of bonds do an outstanding job of keeping investors informed. In other cases the information supplied leaves much to be desired in content or form, or in frequency of reporting.

Outstanding among the various organizations seeking to improve the information available from issuers of municipal bonds is the Municipal Finance Officers Association of the United States and Canada. Here are some of BANKING's questions about municipal finance reporting as answered by the MFOA's executive director, Joseph

F. Clark. Space limits prevent reproducing Mr. Clark's comments in full. Interested persons may obtain further information by writing Mr. Clark at the MFOA's office, 1313 East 60th St., Chicago 37, Ill.

(1) What is the MFOA? What is it doing to improve financial reporting?

The MFOA is a professional service organization of active public officials representing the governmental units composing the association. It is concerned with improving governmental accounting and financial reporting. MFOA's National Committee on Government Accounting has established "acceptable standards" and "recommended procedures" for government entities. To stimulate use of these standards, the association conducts an award program whereby a "certificate of conformance" is granted to those governmental units which substantially conform thereto.

Qualifying units must prepare reports which include not only acceptable financial statements, but also statistical tables which reflect the financial position, supply credit information, and indicate the quality of budgetary management. For the guidance of securities issuers, the MFOA publishes *Municipal Accounting and Auditing*, and *A Standard Classification of Municipal Accounts*.

(2) Should a bank take any initiative in getting issuers to supply regular financial reports? If so, what information should the bank request, and in what form?

As a matter of general community concern, banks should encourage municipalities to supply pertinent financial information, particularly in a bank's own area. Both civic interest and the bank's own needs are involved. As a minimum, such annual financial information should include balance sheets, analyses of changes in unappropriated surplus, statements of revenues and statements of expenditure, *prepared for each fund*. These should conform with MFOA standards, and be certified by an independent auditor. Reports also should include: general bonded indebtedness; statements of general fixed assets; schedules of investments owned; and schedules of bonds issued and outstanding as well as their maturities. To the extent applicable, the following 15 statistical tables are recommended:

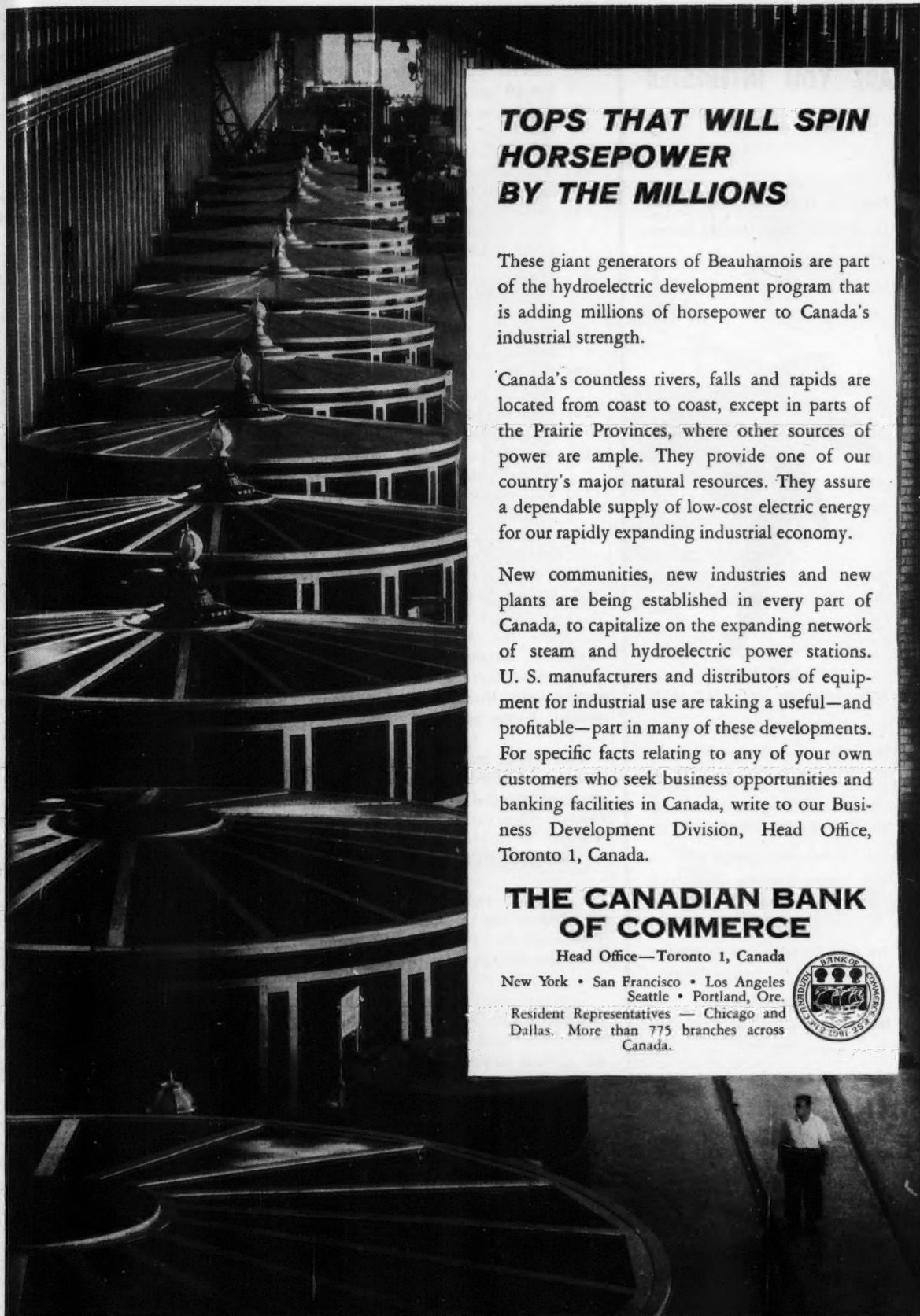
- (1) assessed value and estimated true value of all taxable property for 10 years;
- (2) tax rates and tax levies for 10 years;

(CONTINUED ON PAGE 6)

Seven Trust Investment "Don'ts"

FACTORS that should *not* control investment decisions were suggested at the A.B.A. Southern Trust Conference by Guerry Snowden, vice-president and trust officer, South Carolina National Bank, Greenville. Here they are, condensed:

- (1) The opinion, desire, or whim of a trust beneficiary or member of his family should not control decisions.
- (2) Don't let tax factors completely control your investment program.
- (3) Fashion should not determine policies and decisions.
- (4) Try to avoid the arrangement whereby the trustee appears to have full investment authority but nevertheless must clear with someone else.
- (5) Don't make an investment decision based upon the convenience of the bank or the accommodation of a commercial bank customer.
- (6) Avoid the temptation of following the line of least resistance.
- (7) Withstand the temptation of being influenced by impressive but incomplete information.



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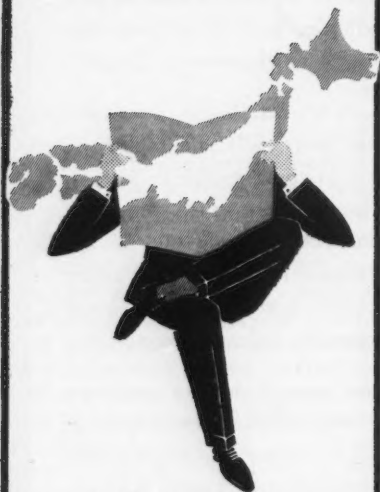
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(CONTINUED FROM PAGE 4)

- (3) tax levies and tax collections for 10 years;
- (4) special assessment collections for 10 years;
- (5) revenues, other than property taxes and special assessments, for 10 years;
- (6) expenditures for selected functions for 10 years;
- (7) ratio of net general bonded debt to assessed value and net bonded debt per capita for 10 years;
- (8) statement of legal debt margin;
- (9) statement of direct and overlapping debt;
- (10) special assessment bonds—debt service charges;
- (11) general obligation bonds—debt service charges;
- (12) utility and other enterprise bonds—debt service charges;
- (13) summary of debt service charges to maturity;
- (14) salaries and surety bonds of principal officers; and,
- (15) a copy of the long-term capital budget, if one exists.

(3) Does the MFOA supply any models of financial reports for the guidance of issuers; and if so, how may a bank learn what the recommended forms contain?

The MFOA issues no model financial report form as such, but its above-mentioned two publications contain illustrations of the proper manner of preparing the financial and statistical statements.

(4) Isn't it rather costly, if not prohibitive, for a small issuer of municipals to adhere to the standards the MFOA has prescribed?

Reports such as those recommended by the MFOA cost no more to prepare than inadequate reports. An annual financial report may be mimeographed.

In only one instance would the cost temporarily exceed that of a haphazard report. This would occur if a municipality lacked an adequate accounting system which would permit assembling needed information without considerable painstaking analysis of individual amounts paid and received. But this condition itself is an indication of poor and inadequate financial administration

and constitutes an indictment of the issuer's operations. Once the municipality has revamped its accounting system to properly serve management and account for fiscal fidelity, the cost of preparing an annual financial report of acceptable character would be less than that of preparing an inadequate report.

(5) Have any small municipalities won MFOA awards? If so, what brought them the awards?

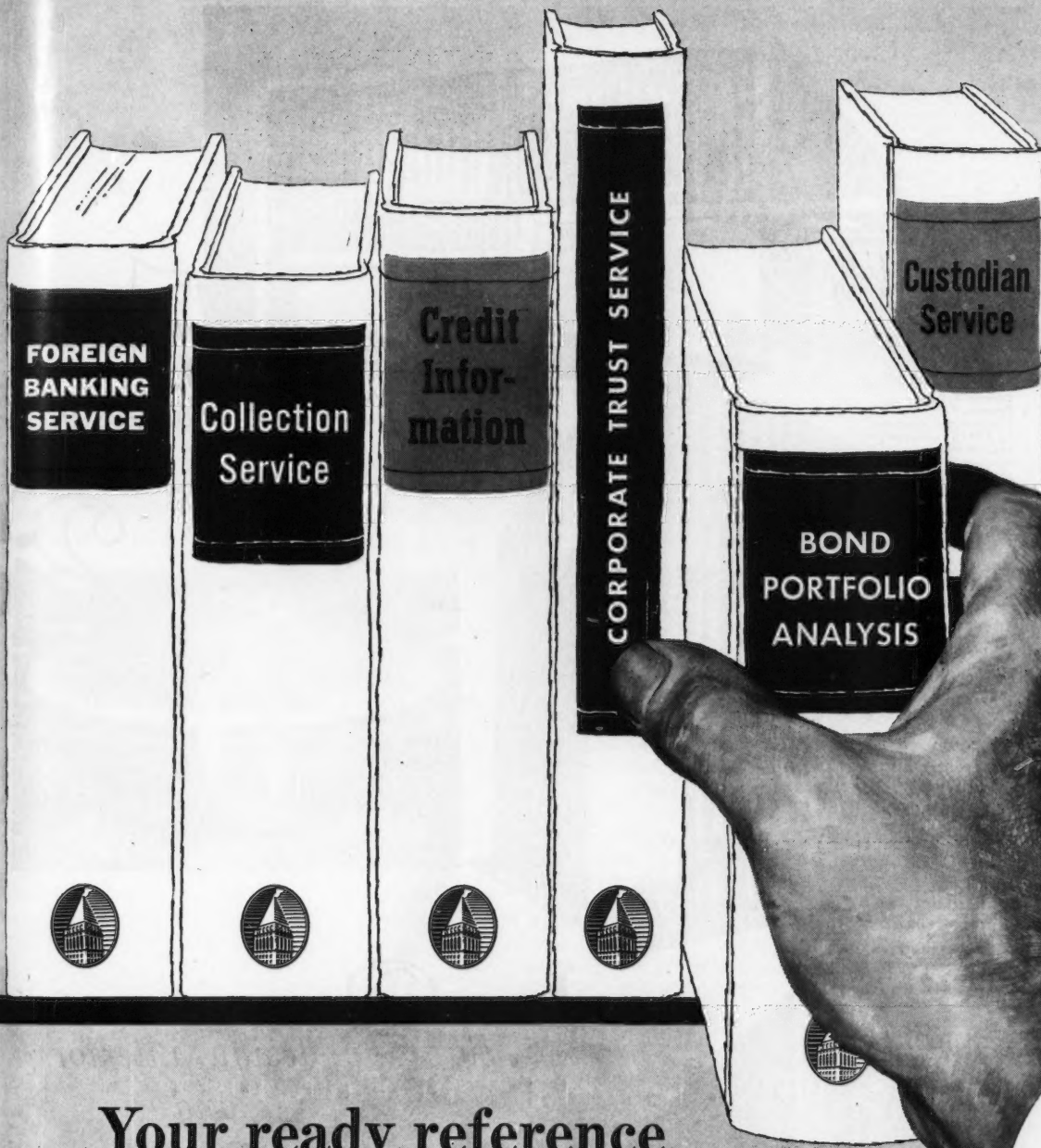
Nearly a third of the certificates of conformance have been given to municipalities of 30,000 population or less.

Financial reporting is one of the elements in the 3-part phase of municipal financial administration. The other two are accounting and budgeting. In a sense, the three elements cannot be divorced from one another and considered alone. Generally, improvement in the quality of one has meant improvement in the quality of the other two. To turn out a good financial report, the issuer must have good accounting procedures, budgetary control, and make interim financial reports to management. A municipality which prepares and releases a financial report up to MFOA standards can better establish its ability to meet its obligations and usually can clearly demonstrate a planned approach to its present and future financial problems.

It is not unusual for a city to submit its annual report for review for an MFOA certificate for as many as four years before finally receiving an award, in the meanwhile inaugurating fiscal management improvements. While small issuers often do not have their bonds rated by rating agencies, at least two larger cities have had their ratings improved in the course of producing better financial reports. Beneficiaries of such efforts have included Phoenix, Ariz.; San Antonio, Tex.; Texas City, Tex.; and Hollywood, Fla.

Ten U. S. municipalities of under 30,000 population have had bonds rated by Moody's. All 10 have received MFOA awards. Seven of the 10 fall in the top three rating groups.

MFOA's reporting standards are attainable and desirable from both the issuer's and the investor's points of view. Banks should insist on good and regular financial reports.



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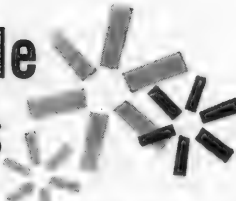
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Hold the Most Promising Stocks, Fatten Current Income with Bonds

ALTHOUGH there appear to be forces working in the market which will keep prices chronically high, this isn't the time to "throw away the book and go overboard on common stock policy," said Charles W. Buek, executive vice-president, United States Trust Company, New York, to the A.B.A. Trust Division's Southern Trust Conference, held in Birmingham.

He advocated holding and utilizing "the soundest and most promising common stocks, not merely the highest yielding ones," and suggested reliance upon fixed-income securities to "fatten up current income, keeping maturities as short as possible while serving that purpose."

"We believe," he said, "that there is a place for bonds in most trust accounts even though the long-term trend of interest rates is slowly upward." But, "It would probably be a mistake to hold bonds of a longer maturity than necessary to serve your purposes."

Second Industrial Revolution

Taking a look at the national economy, Mr. Buek expressed the opinion that the present period "closely approaches a second industrial revolution."

"Successive scientific break-

throughs have fortunately created products, markets, and opportunities which give some industries and some companies a growth rate to match that of the stock market," he asserted.

"In these times of change and opportunity, the emphasis on selectivity must be greater than ever. These are not times for 'management as usual,' since rapid changes can be as harmful to one company as they are helpful to another."

On the whole, the "desirability of common stocks having a full share in the rewarding opportunities of today nearly precludes the achievement of a comfortable dividend return. This throws the burden of income production upon the fixed income portions of our portfolios, and to some extent dictates the equity ratios we can maintain. Relying on bonds to produce an adequate income is preferable to 'skimming the cream' from the common stock portfolio to serve the same purpose."

What the Recession Showed

Mr. Buek reviewed events of the past year which have had a bearing on the stock market's dynamic strength. Observing that "we learned a lot about our economy in 1958 when a good many long-awaited

questions were finally answered," he mentioned seven factors that have helped increase common stock prices.

(1) "There seems to be no question but that the recession, which the Administration considered 'necessary medicine,' was a major reason for the Democratic landslide."

(2) The 1958 election "indicated clearly that the political tide is flowing strongly toward the Democratic Party" and although a Democratic victory in 1960 would not necessarily mean that the "spenders" were back in power, "a buyer of stocks is probably safe in assuming that the next Administration at least will not reduce Federal expenditures and is more likely to increase them."

(3) The "stretch out" in Federal defense expenditures ended with the first sputnik, and there seems to be no chance of an early recurrence. "Investors do not have to reckon with the chance that Government expenditures for armaments and defense will be cut back in the foreseeable future."

(4) The economy shook off the recession "with impressive ease."

(5) The recession was not strong enough medicine to cure inflation. Although investors may have been disappointed by that demonstration, "they are acting as though they knew what to do in the light of the outcome of that attempt."

(6) An interesting discovery of 1958 was the absence of a "run" on the mutual funds. "We learned from this that investments in mutual funds are not speculations, but are held more often in lieu of savings accounts, perhaps as a nest egg for old age. Investment managers, therefore, may assume that stocks in mutual funds are in strong hands—a fact which could not be taken for granted two years ago."

(7) Also, the records indicate that pension funds continued to buy stocks throughout the recession "and

Broader Trust Service

GRAT changes in statutory provisions and in outlook have made investment in sound common stocks of strong companies customary and logical, within the limitations which prudent men would deem reasonable. The growth of various types of common trust funds has permitted more people of moderate means to benefit from the safety, diversification, and better investment yield which are thereby permitted.

Better-developed plans, inclusion of sound discretionary provisions both as to investment and to distribution of income and principal, and keener perception of the estate planner's role in aiding men to solve tax problems and those relating to business interests have all contributed in making trust institutions and trustmen a greater force in our community and family life.—JOHN W. REMINGTON, A.B.A. vice-president, and president, Lincoln Rochester Trust Company, at the Trust Division's Southern Trust Conference.

were a stabilizing factor in the market."

He also noted that the corporate tax structure, with personal income and capital gains taxes, "has the simultaneous effect of limiting the supply of stocks while increasing the demand for them."

"We cannot abandon equities as an investment medium simply because they are selling at unaccustomed levels," Mr. Buek told the trustmen. "There will prove to be many stocks which will justify these prices and amply reward the investor who was able to select them."

Titling his talk "Now Is Always the Most Difficult Time to Invest," he noted that "all the old financial indicators read 'sell,' but we find ourselves tempted to buy." The problem can't be solved by boycotting the stockmarket until indicators return to normal; the market and the factors behind it must be studied.

These Will Bear Watching

Here are some "situations" which, in Mr. Buek's opinion, will bear watching.

The field of labor-saving devices will continue to be "a wonderful source" of investment opportunities.

A new technique for transporting liquefied natural gas is a significant development.

A change that might disappoint investors "would be any technological development which rendered the telephone dial system obsolete."

There is "at last hope, at least, that the airlines may reward the patient holders of their stocks."

Intensification of foreign competition is a trend that can't be ignored.

The trend toward nationalization and renegotiation in the oil industry hasn't run its course. "This is not a development which can be avoided simply by buying domestic oil companies. Nothing is likely to hold the foreign oil off the market for long. . . ."

New methods in steel-making and fabricating other metals have created important new uses for gases.

Watch the building boom. Residential housing starts are running ahead of basic demand. There is perhaps a greater risk that commercial building will, too.

There are as yet few investment opportunities in atomic power.

Long-range forecasts predict a steady and ultimately large increase in the use of coal.

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MURRAY OLYPHANT

THE true dangers of inflation have been the subject of constant comment in the public press during recent weeks. Apparently this has had its effect on Congressional attitudes. The latest statements of some of the leading lawmakers were to the effect that every effort would be made to keep the 1959-60 governmental budget within the limit of \$77-billion set by the President. A balanced budget now seems much more likely than has been the case in recent months. This is a decidedly hopeful development.

Full recovery from the 1958 recession is now clearly shown by the economic indicators. The gross national product seems to be headed for a new high point. The industrial production index of the Federal Reserve Board made a new high in March. Personal income continues

to increase. Business is said to be planning to spend about \$2-billion more for plant and equipment than it did last year.

The Secretary of Labor forecasts that by the final quarter of this year the total of unemployed will be down to about 3,000,000, which is said to be about as low as is possible. On the other hand the total of employed persons may reach the largest number ever recorded.

Quite clearly the outlook is for a further increase in business volume—perhaps not immediately, but for the year as a whole. This means more demand for money and credit and, too, a very probable increase in their cost.

The action of the market for Government issues in April was as might have been expected under the circumstances.

By May 6 the decline in Govern-

ment issues had gone so far that an interest return of 4% or more—before taxes—could be obtained from 24 issues, and this was at the "offered" prices. Four or five more issues could be added by using the "bid" prices.

The 2½% bonds 2/15/65 showed the highest return, i.e., 4.27%; both the 2½% bonds 1969/64 and 1970/65 were available to yield 4¼%, and 4% could be obtained from maturities as early as 1961-63.

On an "after tax" basis, yields of between 2% and 2½% were common and this in a maturity range making such issues really competitive with the "tax-free" state and municipal bond issues which have been popular with banks in recent months.

On a price basis, declines of about 2 points were recorded for several issues, and from 1½ to 1¾ points on many others. The declines registered were decidedly mixed and lent themselves to no pattern, merely reflecting the continuance of lack of any interest in the market. Price changes were largely the result of who did what in the particular issues, and almost without reference to the rest of the market.

At no time during the month was there the slightest evidence of any real change in the attitude of investors. Now and then a few of the longer bonds were wanted by some investment portfolios, but, on the whole, such funds as could be put to work still preferred the safety of the short maturities.

Well, why not? As yet there is no indication that the bottom of the market has been reached. On the

(CONTINUED ON PAGE 14)

Outlook

NOTHING whatever has occurred which would indicate that the cost of money is likely to decrease in the near future.

On the contrary, the prospect for an increasing volume of business, the apparent intention of industry to spend more money for new plant and equipment, and the probability that the demand for bank loans will increase later on in the year will seem to assure that the demand for money will continue to exceed the supply.

No change has taken place in the attitude of the monetary authorities. An increase in the demand for loans accompanied by an increase in the "negative reserve" positions of the member banks would almost necessitate a further rise both in the rediscount rate and in the bank rate for prime loans.

The Administration has already hinted that it might have to ask Congress to raise the present statutory rate of 4¼% permissible on its obligations maturing in over five years. To sell any long-term bonds, this would certainly be necessary.

The weight of evidence still points in the direction of higher interest costs and lower bond prices.

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(CONTINUED FROM PAGE 12)

contrary, there have been rumors that at some point the Administration may ask Congress to raise the statutory rate above the present $4\frac{1}{4}\%$, which is now the maximum allowed for maturities of over five years. It is pretty clear that such action would be necessary before any substantial amount of long-term bonds could be marketed.

Cleanup Financing for Fiscal 1958-59

On April 30 the Treasury announced its plans for taking care of the maturity of \$2.7-billion of special bills on May 15, refunding the \$1.8-billion $1\frac{1}{4}\%$ certificates 5/15/59 and providing the new cash needed for the balance of the fiscal year.

The special bills were paid off on maturity. As anticipated and in line with the Treasury program to "establish a pattern of 1-year bill maturities with quarterly dates in January, April, July, and October," there were offered \$2-billion of 340-day bills to mature on April 15, 1960. On this issue banks were permitted to make payment by credit to their Treasury tax and loan accounts. It was estimated that this privilege would be worth between .16 and .18 basis points to the subscribing banks. The issue was taken at an average cost to the Treasury of 3.835%.

Somewhat unexpectedly, but in recognition of the real state of the market, an additional \$1.5-billion of bills were offered to mature on December 22, 1959, but usable at 100 to pay taxes on December 15. These did not carry the tax and loan account privilege for the banks. For this issue the average cost to the Treasury was 3.565%. Only about \$1,699,000,000 of subscriptions were received, which is about as low a margin above the amount offered as has ever been recorded.

In exchange for the \$1.8-billion $1\frac{1}{4}\%$ certificates maturing on May 15 a 4% new 1-year certificate was offered at $99\frac{1}{2}$ to yield about 4.05%.

Subscription for the longer bills was made on May 6, for the December 22 bills on May 7, and the exchange was open on May 11 and 12.

In this way the Treasury was able to let the market determine its own interest rate for the bulk of the new offerings and—after the bills had been subscribed for—to put

Treasury Cash Deficits

IN speaking of the 31% attrition in the Treasury's latest offering—in mid-May—President Lee P. Miller of the American Bankers Association said, in speaking before the Illinois Bankers Association:

"This is a time when the Federal budget should be producing a significant surplus, or at least the Treasury should not be put into the position of having to borrow heavily to cover a current cash deficit. The Treasury has had to face real competition with other borrowers in a money market where liquidity preference is high. The desire of investors for obligations that can readily be converted into other kinds of assets or into new obligations at possibly higher rates in the future has made it necessary to finance the deficit and to refund maturing securities by means of short dated obligations. Even the short-term obligations are not attractive to those who want to use the proceeds of maturing issues for other purposes, as evidenced by the heavy redemption experienced by the Treasury in its May refunding operation.

a rate on the new certificates sufficient to hold down the amount of attrition to a minimum.

Only about \$800,000,000 of new cash was raised by this financing. This was considerably less than had been expected. However, the Treasury stated that some foreign loans had been paid off, that a revision of estimated requirements had been made, and that, should further funds be required, regular weekly sales of bills could be increased.

Some apprehension had been felt that many holders of the \$2,069,000,000 4% bonds 8/1/61/59, which were redeemable at 100 on August 1, 1959, at the option of the holder, might decide to cash in then. However, when the option expired on May 1 holders of only about \$473,000,000 of the bonds had notified the Treasury of their intention. This was only about 18% of the amount outstanding.

When the \$1.4-billion of the regular weekly offering of bills is added to the \$3.5-billion of new bills sold it will be seen that in the week ending May 8 nearly \$5-billion of new bills were put into the market.

Banks were heavy subscribers to the longer-term bills so as to fatten up their tax and loan accounts. Corporations were heavily interested in the December 22 maturities with the

1-week interest bonus if used to pay taxes.

Cost of Bills Again Rises

The record of the weekly sales of Treasury bills from April 6 to May 4 was as follows:

Offered on	Average Cost 3 mos.	Average Cost 6 mos.	Yield Spread
Apr. 6	2.948%	3.249%	.30%
13	3.075%	3.351%	.28%
20	3.105%	3.361%	.26%
27	2.831%	3.189%	.36%
May 4	2.935%	3.316%	.38%
Average for period	2.98%	3.29%	
Average for previous period	2.88%	3.20%	

Early in the month dealers found it necessary to make repurchase agreements with the Federal Reserve banks to the extent of between \$235,000,000 and \$245,000,000, but by the end of the month all these were eliminated.

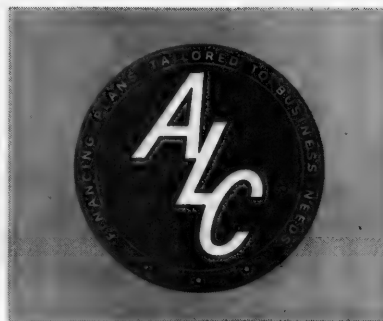
The addition of the \$3.5-billion of new bills to the \$36-billion previously outstanding will raise the total to not far from \$40-billion. At this rate it will not be long before Treasury bills will account for nearly 25% of the total marketable debt outstanding.

It is clear that, so far, the monetary authorities have seen no need to alter their previous practice of only moderate pressure on the money supply. However, now that the Treasury financing has been completed for fiscal 1958-59, the authorities would probably act promptly were there to be evidence of substantial new loan demand.

Bank Loans and Investments Rise

In the period from March 25 to April 22 the reporting member banks increased their total loans (adjusted) by about \$820,000,000. Only \$59,000,000 of that amount was accounted for by the commercial, industrial, and agricultural loan category. Loans to carry securities were up \$422,000,000. Consumer loans increased \$233,000,000. Real estate loans rose \$107,000,000. So far the business community has failed to increase its borrowing.

It is worth noting that there was hardly any change in the total of Treasury bills held by the banks, a rise of only \$46,000,000. This is a clear indication of the continued absorption of bills outside of the banking system. Corporations continue to be heavy takers in the bill market.



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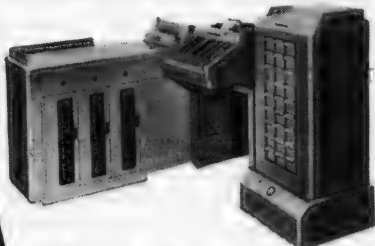
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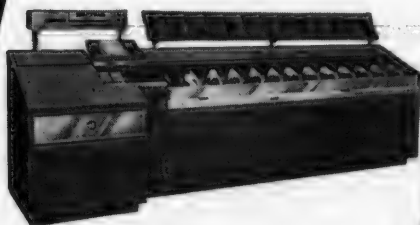
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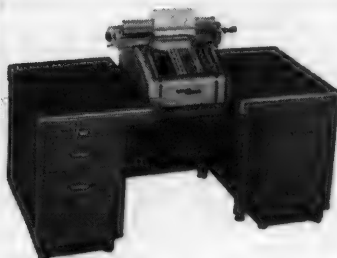


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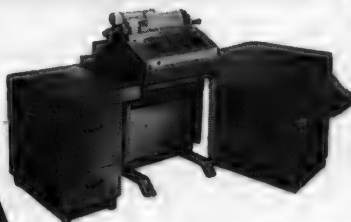


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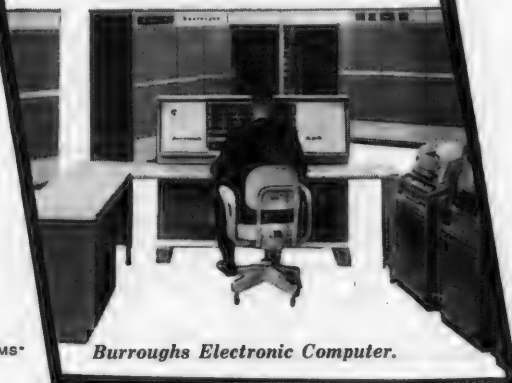


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THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

THE stock market lost steam in April and the first half of May, although the bulls reigned in some sessions and among several categories of securities, notably the low-priced stocks. Indeed, speculation among the "cats and dogs" was considered so rampant that the presidents of the New York and American Stock exchanges saw fit to issue warnings.

The stock market moved to new historic highs in April under the impetus of pharmaceutical and electronic issues, as well as of special situations. As the month closed, however, the averages were appreciably below their highs and the same situation prevailed early in May, but later in the month the market went to new record-breaking levels.

Trading in bonds was dominated by convertible industrial issues, which reached new 1959 highs. Historically speaking, this is as it should be. When stocks go off, bonds should increase in value.

Brokers have all reason to be happy. Trading volume on the New York Stock Exchange this year to April 30 was the highest ever for this period. It totaled 307,383,716 shares, compared with 187,049,465 in 1958, and 169,697,329 in 1957.

The Underwriting Markets

THERE was a considerable boost of stock offerings in April. The total of \$160,838,000 was the largest for that month since 1930. Bond offerings were off for the month as well as for the year. This is a salutary development, because in recent years the bonded indebtedness of corporations has risen to a huge extent—money which should have been raised on an equity base in many cases.

The above figure of \$160,838,000 of new stocks in April compares with \$57,625,000 in March and with \$52,975,000 in April 1957. Public utilities led the stock group with \$126,768,000 and industrials accounted for \$34,070,000. The utilities' offerings were more than four times the amount for April of last year and about six times the volume of April 1957.

For the year to April 30, new stock offerings aggregated \$513,787,000, the largest for any first four months since 1929, when \$1,241,013,000 were issued. Last year's comparable figure was \$272,147,000.

New bond offerings in the first four months of 1959 were \$5,789,972,000. This compares with \$6,797,786,000 in the like 1958 period. Housing issues accounted for considerably more than 10% in both years, reflecting the intense construction activity.

The Railroad Industry

SINCE the advent of trucks, busses, and airplanes, the railroads have experienced lean years. Generally speaking, passenger traffic has been unprofitable, and freight had to take up the slack. But freight traffic declined, too, because of the trucks and the planes.

Equally disturbing for the industry has been the commuter problem. This is as true in New York as it is in Chicago, San Francisco, St. Louis, and Boston. There are peak loads twice a day, and the rest of the time equipment and train crews remain idle.

It is pretty difficult, indeed, to talk about the railroad industry as a group. The carriers grew along with the country. Spurs were established to important population centers, which may or may not be important today.

Railroad managements acquired rights of way—land, if you will—along their proposed tracks and they engineered the country from coast to coast. They are taxpayers in many communities and in all the states of the union. In their original state, the rails had a monopoly on transpor-

tation of passengers and freight—beyond the horse-drawn buggy.

The internal combustion engine changed all that. People began travelling in their own automobiles. Trucks transferred loads from one point of destination to another. Finally, the internal combustion engine and the jets went aloft as well as freight and people. Thus, the transportation monopoly of the rails dissolved.

There are some railroads in this country where, balance-sheet-wise, transportation of passengers and freight plays a relatively minor role. These companies are land rich. They have mineral-rich land or oil wells. Others have important municipal real estate holdings of great profitability.

As in many other industries, the answer to solving the rail problem is modernization, such as automatic freight assembly yards, up-to-date loading facilities, and truck-to-door deliveries.

Beyond that, the industry has explored the possibility of "Government handouts." The result was the palpably disappointing Transportation Act of 1958. It authorized \$500,000,000 in federally guaranteed loans to hard-pressed carriers. The limitations, however, were prohibitive.

Many of the roads are haunted by duplicate facilities. The New York Central and Pennsylvania, for example, both serve Chicago and New York.

The most recent answer which is emerging was spearheaded by the announcement of Erie Railroad's merger with Delaware, Lackawanna & Western, pending ICC approval.

If mergers are in interest of the public, requests therefor should be granted and every move to get the railroads back on their financial feet should be applauded. The rails once were, and some of them still are, one of the mainstays in many a good bank trust account.



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About People

EDWIN G. GALLAWAY, HAROLD S. SEAL, from assistant vice-presidents to vice-presidents, Bankers Trust Company, New York City.

WILLIAM V. RABENBERG becomes board chairman, Maplewood (Miss.) Bank and Trust Company.

THOMAS R. PAYNE, recently engaged in private law practice and formerly associated with Commerce National Bank, joins American Commercial Bank, Charlotte, N. C., as vice-president and trust officer.

JOHN RIGGALL, advertising and public relations officer, Citizens and Southern National Bank, Atlanta, Ga., becomes vice-president.

P. H. MCCLELLAND, vice-president, Cleveland Trust Company, retires after 43 years in banking.

JACK W. LAMBERT, from assistant vice-president to vice-president, Bank of America, San Jose, Calif. branch; CESARE PIERINI, Madera branch manager, also becomes vice-president.

ROBERT T. SHELDON, vice-president, from acting treasurer to treasurer, Exeter (N. H.) Banking Company.

IVAN G. WOOSTER, from secretary to vice-president, Binghamton (N. Y.) Savings Bank.

ELLMORE C. PATTERSON becomes senior vice-president, Morgan Guaranty Trust Company of New York.

JOHN H. ROBINSON, JR., becomes press department manager, Security First National Bank, Los Angeles.

AVERY H. FONDA, from senior vice-president, First Union National Bank, Asheville, N. C., to vice-president in charge of Greenville offices of South Carolina National Bank.

CARL S. BURROWS, from vice-pres-

ident to executive vice-president, Chimney Rock National Bank, Houston, Tex.

EDGAR S. LEWIS, from assistant vice-president, to vice-president, Mellon National Bank and Trust Company, Pittsburgh.

LEO F. STANLEY, from vice-president and treasurer, Society for Savings, Hartford, Conn., to executive vice-president, Dry Dock Savings Bank, New York City.

STANLEY B. TROTT, president, Maryland Trust Company, Baltimore, also becomes board chairman, succeeding the late WILLIAM J. CASEY.

CHARLES B. PRESLEY, vice-president, Georgia Railroad Bank and Trust Company, Augusta, has been appointed U. S. Government consultant in Teheran for credit and internal operating procedures of banks in Iran.

OTTO KOTOUK, SR., board chairman, State Bank of Humboldt, Nebr., was tendered a Saturday open house party by bank on his anniversary of 50 years in insurance and banking.

JOHN EXETER, from vice-president, Federal Reserve Bank of New York to vice-president, First National City Bank, New York City.

HOWARD W. CLARK, assistant trust officer, retires from Bank of Delaware, Wilmington.

ALBERT W. WINTER becomes vice-president, Mercantile Trust Company, St. Louis, Mo.

ARTHUR T. BRETT, ALEX H. SMITH, both vice-presidents, retire from California Bank, Los Angeles.

IRA J. MCLIMANS, from president to board chairman, Frontier Bank, Covelo, Calif.; JOHN D. RORBOUGH, from senior vice-president to presi-

State Association Presidents—1959-60



Left, OREGON, Rogers W. Kimberling, vice-president and manager, Bank of California, N.A., Portland; right, ALABAMA, John B. Barnett, Jr., president, The Monroe County Bank, Monroeville

street

dent; ELMER A. BAUER becomes vice-president; GEORGE A. SCHMIDBAUER, Jr., becomes executive committee chairman.

JOSEPH KOZLIK, from vice-president to executive vice-president, Hackensack (N. J.) Trust Company. BERNARD DE HAAN becomes vice-president and secretary.

ALBERT L. JOHNSON, from assistant vice-president to president, First National Bank of Memphis, Tenn.

BARNEY HOWARD, from executive vice-president to president, South Dade (Fla.) Farmers Bank.

MONT E. MCMILLEN, from senior vice-president and director, First-america Corporation, to board chairman and president, First Western Bank and Trust Company, San Francisco, succeeding the retiring T. P. COATS.

PHILIP L. GREENAWALT, from vice-president to executive vice-president, Brooklyn Savings Bank, New York.

CLARKE BASSETT, senior vice-president and director, First National Bank of Minneapolis, also becomes trust committee chairman.

WESLEY LINDOW, vice-president, also becomes secretary, Irving Trust Company, New York City.

CHARLES H. MARTIN, vice-president, Central National Bank of Cleveland, retires after 48 years with the bank.

DR. ADDISON T. CUTLER is appointed special economist, Federal Reserve Bank of Cleveland; EDWARD A. FINK becomes vice-president.

MURRAY L. TANNER, former vice-president, Security First National Bank, becomes president, Fidelity Bank, Los Angeles, succeeding STANLEY M. STALFORD, who continues as board chairman.



Left, NORTH CAROLINA, G. Harold Myrick, executive vice-president, First National Bank of Lincoln; right, OKLAHOMA, Guy L. Berry, Jr., president, American National Bank, Sapulpa

ANDREW LOUIS GOMORY, senior vice-president, Manufacturers Trust Company, New York, is awarded rank of "Officer in the Order of Merit of the Republic of Italy."

JOSEPH J. LAROCO, from assistant trust officer to vice-president and trust officer, American National Bank, St. Paul, Minn.

DOROTHY E. LUNDGREN, from assistant secretary to assistant vice-president, Northern New York Trust Company, Watertown, N. Y.

From second vice-president to vice-president at Continental Illinois National Bank and Trust Company of Chicago: WILLIAM F. BABCOCK, CLIFFORD S. NELSON, EUGENE J.

Sam Snead, golf pro who is reputed to bury his winnings in a tin can in his back yard, gets a new depository from Lee P. Miller, American Bankers Association president. Mr. Miller gave Sam an "oversized, insulated, vacuum-sealed, rust-proof, and rodent-proof" can, with the suggestion that Sam keep his money in it until he could find his way to a real bank with insured savings accounts. Presentation was made at A.B.A. Executive Council Meeting in White Sulphur Springs, W. Va.





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HOWARD C. PETERSEN, president, Fidelity-Philadelphia Trust Company, served as "interviewer" on NBC's network show, "Wisdom," a program devoted to interviewing persons 70 years old and over. Mr. PETERSEN interviewed Grenville Clark, renowned attorney and authority on international law.

JOSEPH EARL PERRY, president, Newton (Mass.) Savings Bank, retires and reenters practice of law. Mr. PERRY has served as president of A.B.A. Savings and Mortgage Division and as chairman of its Committee on Electronics.

JAMES A. RYDER, president and board chairman of the Ryder System, Inc., becomes a director, Industrial National Bank of Miami, Fla.

THOMAS P. HUDSON, from president to vice-president, First American State Bank, Wausau, Wis.

CHARLES A. COOMBS, HORACE L. SANFORD, both become vice-presidents, Federal Reserve Bank of New York.

(CONTINUED ON PAGE 24)

B. A. Taylor, president, First Central National Bank, St. Paris, Ohio, has a long, long banking career to look back on from the vantage point of his 93rd birthday. This veteran banker began his career in Plain City, Ohio, in 1888, and continued it in St. Paris in 1906. He's an active officer at First Central today



BANKING



ELECTRIC TYPEWRITER COMPARISON CHART

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AUTOMATIC MARGINS Simple one-hand, one-step operation.	YES	NO	NO	YES	NO
SIGNAL LIGHT Positive visual indication if motor is ON or OFF.	YES	NO	NO	NO	NO
TOTAL TABULATOR CLEAR Clears all stops instantly without moving carriage.	YES	NO	NO	NO	NO
ERROR CONTROL Simplifies correction of errors and line justification.	YES	NO	NO	NO	NO
BOTTOM MARGIN INDICATOR Page Gage accurately indicates bottom margin.	YES	NO	NO	YES	NO
88 CHARACTER KEYBOARD Standard at no extra charge.	YES	NO	YES	NO	YES
KEYBOARD SLOPE Key top slanted to fit natural movements of fingers.	YES	NO	NO	NO	NO
ROLL-FREE ACTION Releases typebar cams with no "scuffing" action.	YES	NO	YES	NO	NO
SAFETY COVER Motor shuts off when cover is raised to change ribbon.	YES	NO	NO	YES	YES
CUSHIONED TOUCH Eliminates jar to sensitive finger tips at end of each stroke.	YES	NO	NO	NO	NO
THE WORLD'S FASTEST ELECTRIC TYPEWRITER	YES	NO	NO	NO	NO

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The new common language symbols add to the normal function of the check as an instrument for money transfer. The check will become the source document for automated bookkeeping systems.

These new values that have been given the check make it a precision form from the paper through the printing.

Since early in the development of the new system we have been working closely with the machine manufacturers and check printers to insure that La Monte Safety Papers will measure up to the new standards.

La Monte
safety paper for checks



THE
WAVY LINES ©
ARE A
LA MONTE
TRADE-MARK

GEORGE LA MONTE & SON • NUTLEY 10, NEW JERSEY



main street (contd)

Broad Street Trust Company, Philadelphia, Pa., promotes officers as follows: HUBERT J. HORAN, JR., from president to board chairman and chief executive officer; JAMES D. HENDERSON, JR., from vice-president to board vice-chairman; J. HARRISON JONES, from vice-president to president; JOHN MAMOURIAN, comptroller. RAYMOND J. ERFLE, HUBERT J. HORAN III, and ALLEN C. MUELLER, all become senior vice-presidents.

Broadway Bank Finally Makes It To Broadway

OPENING of a new Broadway Savings Bank branch at 239 Broadway, N. Y., marks the first time since its founding in 1851 that the bank actually is located on Broadway, complete with a Broadway address. In 1851, the bank first opened its doors on the corner of Broadway and Anthony Street. It occupied the "back room" of a commercial bank known as the Broadway Bank. Early in 1903 both banks made a joint move to 237 Broadway, but Broadway Savings Bank had a separate entrance and its official address was 6 Park Place. Later the same year, the Broadway Savings Bank crossed the street to 23 Park Place. In 1905 the bank purchased 17 Park Place and remained there until their current building, 5-7 Park Place was built and occupied in April 1907. In 1948 the bank erected a new building at 250 West 23rd Street, which is now the main office, but still a long way from Broadway.

And now, the facade and banking floor of the new branch at Broadway and Park Place have been completely rebuilt, with entrances on both streets. The address? 239 Broadway. Gee, Ma, we made it!

LLOYD P. BEACHY, from assistant vice-president and auditor to vice-president and comptroller, McDowell National Bank, Sharon, Pa.

EDWARD F. BAUMER, from vice-president, McCann-Erickson, Inc., and vice-president and director of its public relations affiliate, Communications Counselors, Inc., to vice-president, Union Bank, Los Angeles, Calif.

Edward J.
Pierce



EDWARD J. PIERCE, president, Harlem Savings Bank, New York City, becomes president of Savings Banks Association of the State of New York.

JASON STOCKBRIDGE goes from executive vice-president to president, succeeding L. ALAN DILL, who has retired at Central Savings Bank, Baltimore. BENJAMIN F. KENNEY, from senior vice-president to board chairman; JOHN H. HORST, from vice-president to executive vice-president; CHARLES E. DISHLER, from assistant vice-president to vice-president.



Kenton
Cravens

KENTON R. CRAVENS, president, Mercantile Trust Company, St. Louis, succeeds GEORGE CHAMPION, president, Chase Manhattan Bank, N. Y., as president of the Association of Reserve City Bankers.

HOYT AMMIDON, president, United States Trust Company, New York City, has been re-appointed to the Advisory Council of the United States Committee for the United Nations.

B. B. BASS, president, American Mortgage and Investment Company, Oklahoma City, has been nominated for the presidency of Mortgage Bankers Association of America, his election to occur at the MBA annual convention in New York, Sept. 21-24.



B. B. Bass

(CONTINUED ON PAGE 28)

THREE BANKS FORCED TO CLOSE

By Under-Insured Embezzlements; Seven Others Badly Hurt

During 1958 three banks were forced to close because of inadequate fidelity insurance.

Seven other banks sustained embezzlement losses that *exceeded* their basic blanket bond protection by a total of \$1,165,184.

In each of these cases, a prior expenditure of around four or five hundred dollars would have enabled the victimized bank to recover every penny of its loss.

No matter how slight you feel the chances are of your bank having an embezzlement loss substantially in excess of your present blanket bond protection, don't you agree it would be imprudent to take that risk when complete security can be had so cheaply?

Profit by the experiences of the banks referred to above. Call the F&D representative in your community today and ask him to give you complete information about the new Excess Bank Employee Dishonesty Blanket Bond. Or, if you don't know his name, write direct to our Bank Bond Division in Baltimore.



**FIDELITY AND DEPOSIT
COMPANY**

BALTIMORE, MARYLAND

BONDING AND INSURANCE

EXTRA PROFITS



for Your L with the **PROTECTED**

Proved by
Actual Service in
Hundreds of Banks

The most important payment protection
you can make available to your loan
customers today

Insures your installment and personal
loan borrowers . . . when disabled by
accident or sickness their payments will
still be made

Attracts many new dealers and direct
loan customers with an unparalleled
promotion program

Easy to install and operate . . . there's no
paperwork burden

There's no cost to you . . .

Backed and serviced by "America's
Number 1 Accident & Sickness Insurance
Company"®.

Consider this plan not only for your
own ends, but also as your public does
a service of your bank, intended for
their benefit.

Loan Department

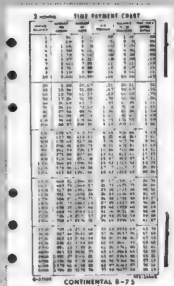
PAYMENT PLAN

See for Yourself How Easily this Plan Works

This simple procedure is in operation today in hundreds of banks across the nation

1. Installation

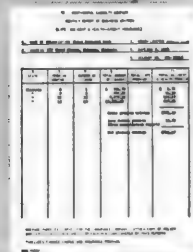
Continental supplies new rate charts, computed at your interest rates, with the cost of insurance added. You also get colorful point-of-purchase and other promotional materials, including brochures with your imprint.



CONTINENTAL 8-73

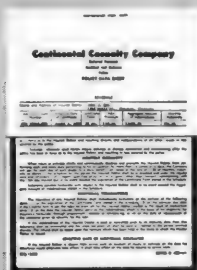
4. Simple Monthly Report

Once each month all new insured loans are grouped on this simple reporting form and sent with a check for the insurance premium to your insurance agent.



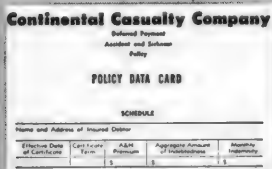
2. Direct Loan Business

When your clerk prepares the loan papers she fills in this simple snap-out certificate. Your customer gets his insurance certificate on the spot along with his copy of the loan note.



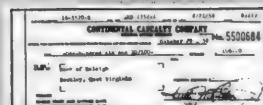
3. Dealer Business

When the note is submitted for approval your dealer includes a 3 x 5 card with the necessary information for the insurance certificate. On approval of the loan this card is forwarded to your insurance agent who completes the certificate and mails it to your borrower.



5. Claim Payments

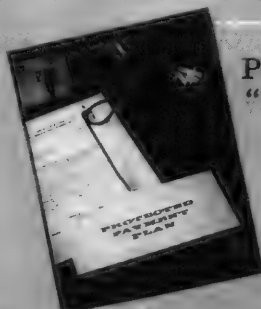
All claims are quickly and efficiently handled by Continental and your insurance agent.



Let us show you how you can take advantage of the Protected Payment Plan in your loan department. Send today for your free copy of our informative "Protected Payment Plan" booklet and an accurate estimate of the profits that can accrue to your bank. Contact your insurance agent or nearest Continental Branch office or for your convenience use this coupon

**Continental
Casualty Company**

310 South Michigan Avenue
Chicago 4, Illinois



Please send me a free copy of your
"Protected Payment Plan" booklet.

Name _____

Position _____

Bank _____

City _____

Zone _____ State _____

Credit Insurance Division CONTINENTAL CASUALTY COMPANY
310 S. Michigan Avenue Chicago 4, Illinois

Take Another Look at Arizona Banking

*Now
55 Offices in
40 Communities*

First National serves
more communities than
any other bank
in Arizona.

Home Office
Phoenix, Arizona

**FIRST
NATIONAL
BANK OF ARIZONA**

Oldest Bank In Arizona

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



**Now National City's
night transit system
is faster than ever**

Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

**NATIONAL
CITY BANK**
of Cleveland

923 EUCLID AVENUE, CLEVELAND 1, OHIO
Member Federal Deposit Insurance Corp



main street (contd)

H. F. OHLENDORF, vice-president and director, Merchants and Planters Bank, West Memphis, Tenn., becomes Southwestern Bell Telephone director.

CHARLES N. BERENTS, ROBERT N. HINDS, ROBERT C. CALPASS, NORMAN H. REA, all from assistant vice-president to vice-president, Fidelity Trust Company, Pittsburgh.

CLARENCE H. LICHTFELDT, comptroller and vice-president, First Wisconsin National Bank, retires. MR. LICHTFELDT was active in the development of new accounting methods now in use across the country, and was instrumental in founding the NABAC School for Bank Auditors and Comptrollers at the University of Wisconsin, and organized the commercial bank administration section of the Central States School of Banking.

SAMUEL C. WAUGH, president, Export-Import Bank of Washington, will deliver the opening address and be awarded the honorary degree of

Doctor of Laws at Rensselaer Polytechnic Institute, Troy, N. Y.

UNITED STATES SENATOR STYLES BRIDGES, from senior vice-president to president, New Hampshire Savings Bank, Concord, N. H., succeeding the late JOHN A. TERRILL; ROBERT J. HILL becomes executive vice-president; A. CONRAD GUSTAFSON and WILLIAM B. MESERVE become vice-presidents.

EDWARD J. FREY, chairman, A.B.A. Instalment Credit Commission, and a member of the A.B.A. Executive Council, has been named to the board of directors of the Chamber of Commerce of the United States. MR. FREY is president of Union Bank and Trust Company, Grand Rapids, Mich.

About Banks

SUBURBAN BANK announces planned opening of Willow Lawn branch and two branches in western Henrico County, Va. STATE PLANTERS BANK OF COMMERCE and TRUSTS, Richmond, closely related to SUBURBAN, is expected to merge with SUBURBAN after it has been in operation for the legal pre-merger limit of 5 years.

(CONTINUED ON PAGE 30)

Featured in a "V.I.P. Trip" tour of offices for the benefit of the New York Herald Tribune's Fresh Air Fund were the Fifth Avenue offices of Horace C. Flanigan, chairman, Manufacturers Trust Company. Three tree-planted terraces rim the teak-walled room. Artworks by contemporaries such as Miro, Marini, Steinberg, and Marrin grace the office. Mr. Flanigan's Wall Street offices, furnished in the elegant 18th Century manner, have already been scheduled for next year's Fresh Air Fund benefit tour





W.R. GRACE & CO. REPORTS ON 1958

W. R. Grace & Co. reported net earnings per share of \$2.07 for 1958, compared to \$3.31 for 1957. Lower profits from our operations in Latin America and from Grace Line were partially offset by higher earnings of the Company's growing chemical business. For the first time since the Company entered the chemical industry in 1952, earnings from our chemical divisions amounted to more than half of the total net profits.

For 1959 the prospect for most of the Company's businesses in the United States and in Latin America is more favorable than a year ago. Stronger demand for the Company's chemical products and the improved business climate both in the United States and in Latin America indicate that Grace's earnings should improve in 1959.

Results to date this year confirm this feeling of optimism.

For a detailed account of the Company's operations in 1958, write today for your free copy of the new Annual Report.

Highlights of the Year's Operations

Year Ended
December 31, 1958

	1958	1957
Sales and Operating Revenues.....	\$434,234,391	\$459,727,553
Net Income After Taxes.....	\$ 10,039,855	\$ 15,459,247
Per Share of Common Stock.....	\$ 2.07	\$ 3.31
Cash flow per share.....	\$ 7.51	\$ 8.29
Preferred Dividends Paid.....	\$ 928,664	\$ 928,664
Common Dividends Paid.....	\$ 9,692,815	\$ 10,540,586
Per Share—at rate of.....	\$ 2.20	\$ 2.40
Net Working Capital.....	\$130,295,418	\$120,631,720
Current Ratio.....	2.7 to 1	2.5 to 1
Net Fixed Assets.....	\$221,931,925	\$207,546,424
Stockholders' Equity per Common Share.....	\$ 47.44	\$ 47.70
Number of Common Stockholders.....	28,052	24,539
Number of Employees.....	38,400	42,100

W.R. GRACE & CO.

Executive Offices: 7 Hanover Square, New York 5



CHEMICALS • LATIN AMERICAN ENTERPRISES • OCEAN TRANSPORTATION

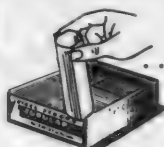
STEEL STRONG

IS THE NAME TO LOOK FOR IN

COIN HANDLING PRODUCTS



TUBULAR COIN WRAPPERS



The "Pop-Open" WRAPPER

... THEY PACK FLAT

SAVE 25% OF TIME
IN MACHINE FILLING

Designed for this special purpose, they save 25% of time in machine filling. Slight pressure of the thumb and finger, and they "pop open", yet pack flat. 1,000 of each denomination to a carton. In 6 colors for 6 different denominations of coins. Widely used by Banks.

... They Out Perform All Competition!

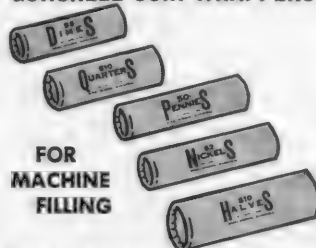
MANUAL COIN COUNTER



5 SIZES

Speeds up coin counting. Merely push Tubular Wrapper up from the bottom, then count coins into the hopper, then withdraw filled wrapper and close open ends. You save much time in packaging coins with this handy device. Stems are of Bakelite in five different sizes.

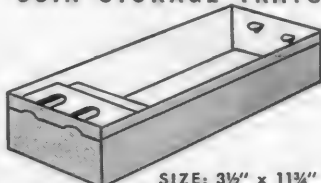
GUNSHELL COIN WRAPPERS



FOR
MACHINE
FILLING

Made extra strong as a result of unique construction... hence extra protection for coins. Non-clogging, neat packaging for all coins handled by machines. Ends crimp tightly. Packed 1,000 to a carton with crimped ends turned one way. They're great time savers.

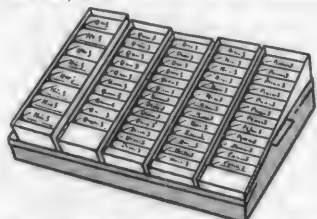
COIN STORAGE TRAYS



SIZE: 3 1/2" x 11 1/4"

WITH VARYING DEPTHS for
DIFFERENT SIZE COINS

"Steel-Strong" Coin Trays afford a rapid system for handling wrapped coins. Stamped from one piece of heavy sheet steel, they are absolutely uniform and nest perfectly at any height. Double coated enamel outside, satin finish-plated inside. Colored capacity end labels. Teller merely counts number of filled trays and top rows of unfilled trays... giving him an accurate total of wrapped coins. Saves time, saves errors. STEP BLOCKS. EXCLUSIVE FEATURE of "Steel-Strong" Coin Trays permit fast loading of rouleaux into Trays, limiting the exact amount of the coin total as shown by colored end labels, which always match the color of the coin wrappers for easy identification of the coin denomination.



LIFT PANS for COIN TRAYS

"Steel-Strong" Lift Pans serve to accommodate filled Coin Trays in the Teller's cage, and become a convenient carrier to and from the vaults for night storage. Illustration also shows Pan filled with loaded Coin Trays and the great advantage of all trays being the same length and width. This permits secure stacking and perfect nesting.

5 DAY FREE TRIAL

FOR INFORMATION WRITE TO...
DEPT. A

The C. L. DOWNEY CO.
HANNIBAL, MISSOURI



main street (contd)

CITY BANK and TRUST Co., Natchez, Miss., has golden anniversary.

COMMERCIAL SECURITY BANK, Ogden, Utah, opens Washington Terrace branch.

FIRST NATIONAL BANK of CAMBRIDGE, Ohio, opens new building.

PEOPLES NATIONAL BANK of WASHINGTON opens new Everett office.

FIRST NATIONAL BANK, Fort Worth, Tex., starts on construction of new building.

FIRST NATIONAL BANK of NEVADA opens new \$250,000 Carson City branch building.

PEOPLES NATIONAL BANK AND TRUST COMPANY, Langhorne, Pa., merges into CENTRAL - PENN NATIONAL BANK of Philadelphia.
(MAIN STREET CONTINUED ON P. 132)

More state association presidents' pictures are on page 32.

City National Bank & Trust Company, Kansas City, Mo. is flying its own personal flag right out front alongside of Old Glory. Somehow or other the bank acquired two flag poles on its facade—one for the national flag and the other for general flag-flying purposes. The dignified symbolism of a personal bank flag, bearing the bank's emblem, appealed to the officers, and now, if the second pole is not flying the flag of some visiting foreign dignitary or businessman, the bank's own flag flutters in the Missouri breeze



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A BANK DIRECTOR'S Job

*Legal Responsibilities
Care and Diligence
Overall Policy
Lending Policy
Investment Policy
The Trust Department
Consumer and Mortgage Credit
Personnel
Earnings, Expenses and Dividend
Internal Controls
Finding New Customers
Directors' Examinations
But Let Management Manage
Director's Retirement*

DOES EACH MEMBER
OF YOUR BOARD OWN
A COPY OF A BANK
DIRECTOR'S JOB?

The demand for this publication has been so heavy, that more than 40,000 directors own it today.

Now in its fourth printing, this 50-page, 6" x 9" booklet covers just about every facet of director interest and tells in a straight-to-the-point, simple manner how board directors can best serve banks.

Your NEW directors (as well as those who have served for some time), will find A BANK DIRECTOR'S JOB extremely valuable as a guide to responsibilities and performances in every department of banking.

HOW TO GET FREE
COPIES FOR NEW
AND OLD DIRECTORS

- Type a list of your directors' names,
- include their home addresses (zone numbers too),
- send list to BANKING (Circulation), The American Bankers Association, 12 East 36th Street, New York 16, N. Y.

Names should be listed for only those directors who are *not* now enjoying the benefits of a subscription to BANKING magazine. A group of 4 or more subscriptions carries a rate of only \$4 per year each, against the regular single rate of \$5.

Circulation will process your group of subscriptions to start with the next issue of BANKING, and will send one free copy of A BANK DIRECTOR'S JOB to each name you list.

HOW TO BUY IT FOR
EVERY DIRECTOR ON
YOUR BOARD

Drop us a line on your bank's letterhead to enter your order for one or more copies of A BANK DIRECTOR'S JOB at 85c each (in New York City, add 3% sales tax).

BANKING AMERICAN BANKERS ASSOCIATION
12 EAST 36th St., NEW YORK 16, N. Y.

State Association Presidents—1959-60



Above, left to right: KANSAS, Cecil W. Hunt, president, First National Bank, Coffeyville; NEW JERSEY, J. Milton Featherer, executive vice-president, Penns Grove National Bank and Trust Company; GEORGIA, W. D. Trippe, chairman of the board, Commercial National Bank, Cedartown



Above, left to right: TENNESSEE, W. B. Wilkinson, executive vice-president, Somerville Bank and Trust Company; PENNSYLVANIA, T. Allen Glenn, Jr., president, The Peoples National Bank of Norristown; OHIO, John A. Wallace, president, Willard United Bank

Below, left to right: LOUISIANA, Clayton Rutledge, president, Bank of Commerce and Trust Co., St. Francisville; MISSISSIPPI, L. Y. Foote, president, First National Bank, Hattiesburg; MARYLAND, William Bowie, vice-chairman of the board, Suburban Trust Company, Hyattsville





BANK OF AMERICA

Best way
to identify
a business... **Plexiglas**

Bank of America uses various types of PLEXIGLAS signs to identify branch offices. Shown above is an internally-lighted, completely luminous, rooftop sign. Marquee letters with backlighted PLEXIGLAS faces are shown below.

Signs made of PLEXIGLAS® acrylic plastic can be designed to combine powerful identification with pleasing, dignified appearance. That is why PLEXIGLAS signs are being used so widely for the identification of buildings—from business offices to industrial plants.

As a sign material, PLEXIGLAS provides a wide choice of colors, outdoor stability, resistance to breakage,

and low maintenance costs. PLEXIGLAS signs are noted for their excellent appearance, both in daytime and at night, when internal lighting gives them complete luminosity. We will be glad to send you the names of sign companies who can help you put your name on a building in the best way—by signing it in PLEXIGLAS.



Chemicals for Industry

**ROHM & HAAS
COMPANY**

WASHINGTON SQUARE, PHILADELPHIA 5, PA.

*In Canada: Rohm & Haas Co. of Canada, Ltd., West Hill
Crystal Glass & Plastics, Ltd., Toronto*

Morgan Guaranty Trust Company

OF NEW YORK

*began operation April 27, 1959, as the
banking institution formed by the merger
of J.P. Morgan & Co. Incorporated and
Guaranty Trust Company of New York*

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The Coca-Cola Company*

GEORGE S. YOUNG
President, The Columbia Gas System, Inc.

The OUTLOOK and CONDITION OF BUSINESS

EXPECTATIONS of a boom are practically unanimous and almost too bright for comfort. It might be said more accurately that we are not *expecting* a boom. We are having one right now.

* * *

FORTUNATELY we also have some first class, dependable difficulties to dilute the cocktail and provide a restraining influence.

The Communists, for example, can always be counted on if we run short of things to worry about, because trouble is their most important product for export. Then, there is our own labor situation and the whole wage-price-profit-productivity debate, which is good for a long time. Another is that the stock market has been anticipating the present boom since boom before last and seems to be getting tired. Unemployment is still high in some areas, but there are unmistakable signs of improvement. Those in charge of our national fiscal affairs face problems of extraordinary seriousness but face them with the confidence born of extraordinary competence. Our foreign relations can not become more confused because — they can not.

If the contemporary scene could be put to music by some ultra-modern Victor Herbert or Gilbert and Sullivan, the theme would be admittedly complicated but has all the elements of a lively cacophony—booms, beards, billions, ballets, and bullets—prosperity, revolutions in all languages, economic war, cultural war, and war.

Recessions Are Old-Fashioned

Government, business, and the consuming citizenry all view the future with complacency and somewhat in the spirit of, "Well, we certainly showed that recession a thing or two with our built-in stabilizers and tranquilizers"—or should the word be inflators?

* * *

WHEN PEOPLE KEEP RIGHT ON SPENDING through a recession, which they did, the money is coming from someplace, and everyone feels sure there is more where that came from. Sustained retail buying

is what brought the recession to such an unexpectedly quick end and is laying the groundwork for future expansion, and that is largely inflationary pressure even though prices have been fairly steady for some time. A popular idea now is to subsidize every individual, industry, area, or country that seems to be in trouble. It has been said that if this philosophy had prevailed 50 years ago there would not be an automobile industry. We would still be subsidizing the blacksmiths and the buggy whip and fringe-top surrey makers.

Dentists of a previous era had a convenient way to keep patients from yelling. They simply killed the nerve and went to work. Something of this kind certainly happened to the country's pocketbook nerve when we lost our right to buy gold and hit the trail along with Dr. Keynes and his latter day disciples.

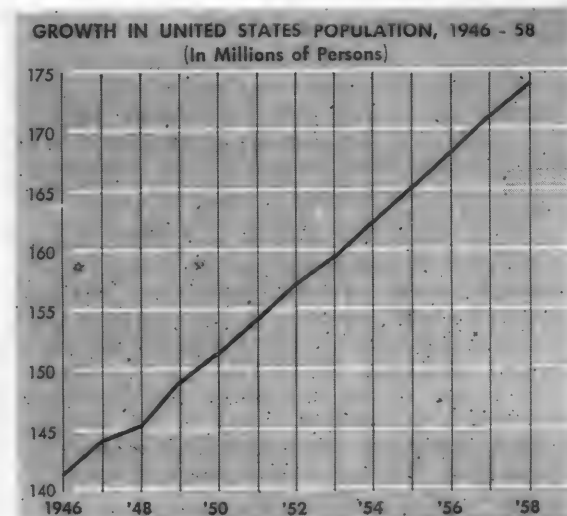
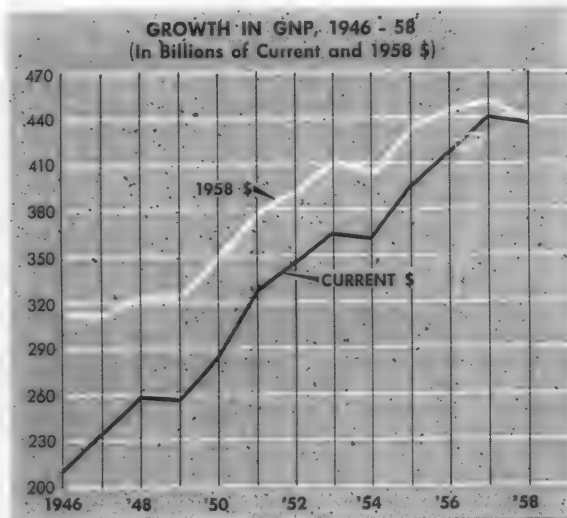
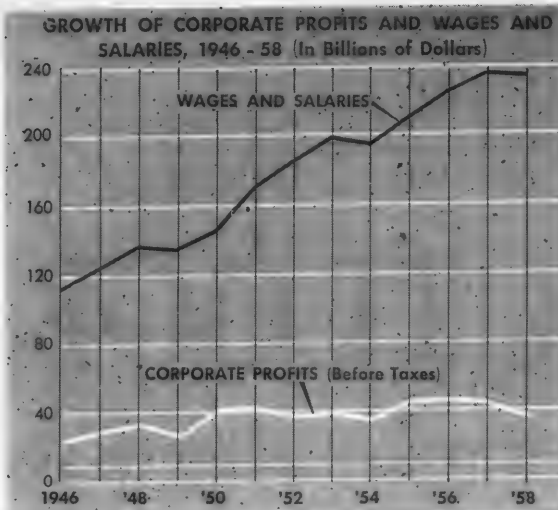
Indicators All Say Yes

So, business seems definitely on the way up, although it will probably not have any great momentum until fall. By then the labor and other troubles, now foreseen, will be over and we can turn to new troubles, now unforeseen.

All indicators look good—industrial output, personal incomes, total spending, and employment. It should be remembered that there are more persons employed than ever before. Also, insofar as automation is the cause of unemployment, we have had this problem more or less since the beginning of the industrial revolution in the 18th century.

A Gross National Product rate of \$500-billion annually before the end of this year is now being openly mentioned by the more venturesome seers and probably would not surprise some who are unwilling to get out on a limb publicly. Moreover, only a small part of whatever substantial rise occurs will be the result of rising prices. An unusual degree of price stability now seems certain for 1959, because we have ample capacity in everything except brains for research and management. We may lead the world in these, too, but we can certainly use more.

Granted that Gross National Product is far from a



perfect measurement, it still shows the ups and downs of business activity about as well as could be expected of any package indicator.

Its faults as an indicator are well known. One is that it covers up and completely conceals all the contradictions and conflicts in the business picture which will actually determine the future. Most other indicators do the same thing, but GNP does it in a grand way and more thoroughly.

A Year for Breaking Records

Many records are being broken this year but the picture often has a less favorable side on closer inspection.

The better the business outlook and the bigger the demand for credit, the greater will be the Treasury's financing problem. The larger corporate profits become, the greater prospect there is of serious labor troubles. The more that spending of all kinds rises, the more difficult becomes the job of monetary authorities in holding the line against inflation. The more foreign trade grows (at our expense), the more tendency there is for gold to flow out of this country.

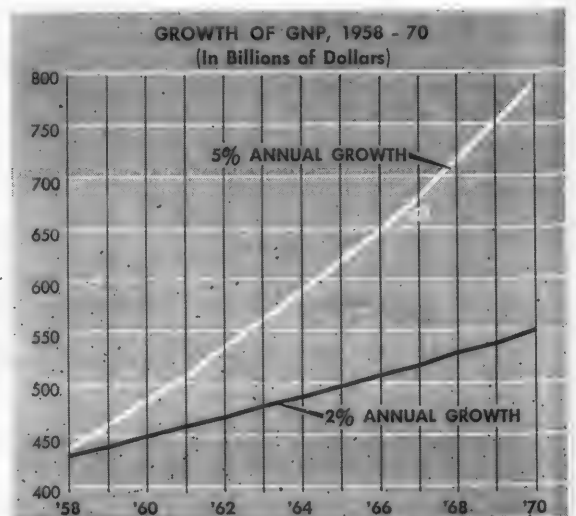
Still Favorable in Balance

The favorable auguries in today's business picture far outnumber and outweigh those that are unfavorable. What is more important is that they are definite, while the negative signs are mainly if's and maybe's, like what might come out of organized labor, Congress, the State Department, the Supreme Court, the Federal Reserve Board, Russia or any other center of decisive action where the unpredictable human element is present in large amounts.

* * *

BUSINESS LOAN DEMAND is rising, but so far there has been little plant expansion. The volume of replacement of economically obsolete machinery is increasing greatly, but there is still a long way to go. A McGraw-Hill survey showed recently that a third of our plant and equipment should be replaced if tax and business factors made it possible. Orders for machine tools are up about 40% from 1958 lows.

The public has been taking a happy view of the future. (CONTINUED ON PAGE 145)



Washington

Progress Toward More Equitable Taxation

THOMAS W. MILES

THE A.B.A. is mounting a formidable offensive here in support of its proposals for more equitable taxation of commercial banks, mutual savings banks, and savings and loan associations.

A bill has been drafted and, by the time this June issue of *BANKING* is published, is expected to be introduced in the House where all tax legislation must, by specific provision of the Constitution, be started.

Conversations are being held with members of the House Ways and Means Committee, which is the committee that considers tax matters, and with Treasury and other Government agencies.

The immediate objective is to induce the House Ways and Means Committee to hold public hearings this first session on equalizing taxes for thrift institutions. With a well-conceived and carefully worked out plan, the A.B.A. will be able to offer constructive testimony at these hearings. In any case, the hearings will start active consideration of the tax problem—which is more than banks have had so far.

Action in First Session?

Out of this consideration some kind of action is bound to come. Whether this action will be in the first session is questionable, although there is some talk here that Chairman Wilbur D. Mills of the House Ways and Means Committee may take up the subject of cooperatives this month (June). That would certainly lead to getting into the matter of the taxation of mutual savings banks and savings and loan associations.

Mr. Mills' reluctance so far to go into this field is understandable. He

is reported to consider the whole matter of tax equalization a Pandora's Box of politically potent elements.

But at the very start of this 86th Congress Mr. Mills served notice on the mutual savings banks and others that, as long as high Federal spending programs continue, their tax base may necessarily have to be broadened in such a way as to alter their present tax status. In simple language, this means more taxes will have to come from mutual savings banks and savings and loans.

Mr. Mills is on record in favor of tax revision rather than an increase in tax rates, that is, broadening the bases of taxation. To that end his committee and its staff are making a number of studies, all preparatory to legislation in the second session.

So as a responsible group with a definite program, the A.B.A. is in a good position to convey the concern of commercial banks over the tax situation to the House. What will come out of it, no one can say at this time. The Ways and Means Committee will have to fit the A.B.A. program into the broader context of the whole tax picture. But at least the A.B.A. program is a finished piece to fit into the jigsaw tax picture.

The A.B.A. program came out of the spring meeting of its Administrative Committee and Executive Council in White Sulphur Springs, W. Va. It was announced in a letter by President Lee P. Miller and subsequently revised in the light of further study.

A.B.A. Objectives

The plan has a threefold objective: (1) to provide an adequate bad-

debt reserve for all A.B.A. members, (2) to provide tax equality between commercial banks and mutual institutions, and (3) to develop a tax formula "consistent with sound operations of banking and other thrift institutions."

Ben C. Corlett, senior vice-president in the Washington A.B.A. office, interpreted it this way:

"The plan will do two things: It will require the payment of substantial Federal income taxes by the mutual institutions which pay practically no tax now. And it will permit commercial banks to operate under an adequate, industrywide, bad-debt reserve formula while continuing to pay their fair share of Federal taxes. It will do both of these things and at the same time produce a net gain in Treasury revenue."

Two-part Plan

The plan, as announced by President Miller, is in two parts. The first provides that each institution, whether it be a commercial bank, mutual savings bank, or savings and loan association, be allowed to transfer, as a deduction before taxes out of current income, an amount equal to $\frac{1}{2}$ of 1% of its non-Government-guaranteed loans, as long as bad-debt reserves are less than 5% of loans.

Two points are important here: First, commercial banks are afforded an appropriate and much needed reserve deduction; and, second, mutuals are restricted on the same basis as to the amount they can deduct, which is in marked contrast with the "any reasonable amount" they now enjoy.

This part of the plan recognizes

that, since the risk of loss against which the reserve protects is in the institution's loans, it is proper that the reserve should be based on loans, and not on some other balance sheet relationship.

The second part will provide a formula under which a substantial part of the net income of mutual institutions before payment of dividends or interest would be taxed at the same corporate rates which apply to commercial banks.

William A. Lyon, who is retiring as president of the National Association of Mutual Savings Banks, recently criticized commercial banks for wanting a greater share of savings "without showing any sort of readiness to assume the obligations of thrift institutions to the community."

He said proposals of the American Bankers Association to increase Federal taxation of the mutuals threatened to channel savings away from housing, municipal and state government projects, and capital projects of corporations.

Bank Merger Bill

As BANKING was going to press, the Senate passed by voice vote and sent to the House the bank merger bill (S.1062).

This Senate action marked a defeat for the Justice Department, which had sought a broader role in ruling on mergers than the Senate bill allows. Under it, whichever of the three Federal supervisory agencies has jurisdiction (the Comptroller, FRB, or FDIC) would request an opinion from the Justice Department as to whether the merger would lessen competition unduly or tend unduly to create a monopoly. The supervisory agency itself, however, would make the final decision.

The bill's future in the House is not at all clear. There, also, the Justice Department's merger role will be a key subject for debate. For that reason it may be helpful to review here some of the bill's history in the Senate.

In the Senate Banking Committee report the purpose of the bill was stated as providing "for control of all mergers by asset acquisition by banks under the jurisdiction of the Federal banking agencies, under uniform and clear standards calling explicitly for consideration of both banking factors and competitive

factors, but without giving sole and controlling effect to any single factor."

As reported in the May issue of BANKING, the Senate Banking Committee required a report from the Attorney General in the Department of Justice on the competitive factors involved in a proposed merger. This was an important concession for in practice the Federal bank supervisory agencies would have to have a very strong case in support of a proposed merger that the Justice Department opposed.

As Senators Paul H. Douglas of Illinois, Joseph S. Clark of Pennsylvania, William Proxmire of Wisconsin, and Edmund S. Muskie of Maine said in their "supplemental views" in the Committee report:

"We would have preferred to have given the Attorney General even more influence to stop bank mergers when, in his judgment, competition might be substantially reduced.

"Under the committee bill, however, he can at least spotlight the issue and force the Federal banking agencies to take his position into account."

The Douglas group also noted that the Justice Department is "less influenced by the banks than the three examining bodies." It went on:

"There is a pronounced tendency in American life for the regulatory bodies which are set up to protect the public to become influenced and largely controlled by the very groups which they were created to regulate."

Senator Douglas and his colleagues conceded, however, that the bill as amended was "a vast improvement over previous legislation which only permitted participation by the Department of Justice when desired by the banking agencies."

Rumored Amendment

On the eve of the Senate consideration of the merger bill, Senator Robertson wired "surprise" to Attorney General William P. Rogers about "rumors" he was preparing an amendment. Senator Robertson had heard that the Department was preparing an amendment for Senator Joseph C. O'Mahoney of the Judiciary Committee. He said:

"I had thought that the amendment requiring that the Department of Justice be consulted by the banking agencies before the approval of a merger had gone a long way toward

meeting the point of view of those who were interested in more Justice Department participation in the review of bank mergers."

Senator Robertson declared categorically that if the O'Mahoney amendment were adopted, "Personally, I would oppose the bill, and if adopted would move to recommit the bill." That was taken merely as an indication of the strength of Senator Robertson's feeling. Because, if he had enough support to recommit the bill, then it is likely he would have had enough to kill the amendment.

Harm in Hearings

There was another angle that Senator Robertson saw in the O'Mahoney amendment. That was a provision for public hearings in the event a banking agency or the Attorney General disapproved an application for a merger. He declared:

"The banking agencies have always been reluctant to discuss matters affecting a particular bank in public, and with good reason.

"Much of their information is obtained from examiners' reports. These deal with all aspects of the bank's activities, including the caliber of the management, the ownership, a bank's loan activities, the character and financial status of borrowers, and all of the intimate details involving the debtor-creditor relationship.

"The wish of the banking agencies to keep bank examiners' reports confidential is just as great and valid as the wish of the Attorney General to keep private FBI confidential reports."

Senator Robertson pointed out that the requirement of hearings would result in less competition rather than more. Indeed, he said, it "would inhibit even those mergers which might in fact result in an increase in competition."

The amendment was rejected.

These same issues that earlier beset the Senate will in turn beset the House. And, if not this session, then next session and in Congresses to come—until the issues are settled.

Reserve Requirements

The Member Bank Reserve Requirements Bill (S.1120 and its counterpart, H. R. 5237) has a better chance than the bank merger bill. It passed the Senate and is pending in the House.

The Senate report described it as a bill designed "to remove some generally recognized inequities that now exist in the structure of reserve requirements applicable to member banks of the Federal Reserve System." It also pointed out that the bill would make more flexible the Board's authority to permit individual member banks in reserve cities to carry reserves at the lower requirement specified for country banks.

The Senate Banking Committee in reporting the bill incorporated as an amendment the proposal of a number of New York and Chicago banks that the classification as reserve city banks (which applied only to them) be dropped. The House Banking Committee went along with that amendment but stipulated that the elimination of the provision be stretched out over three years.

The Vault Cash Matter

The Senate committee was especially interested in the matter of vault cash. It said:

"The counting of vault cash as reserves would correct a generally recognized inequity that now exists because many banks find it necessary for operating purposes to hold larger amounts of vault cash than do other banks. Since vault cash holdings and reserve balances at the Reserve banks are interchangeable and both serve the same purpose in influencing the volume of bank credit, they should both be counted as reserves.

"Counting of vault cash as reserves would also have collateral advantages, such as reducing the costs of transporting and handling currency and facilitating the holding by member banks of larger stocks of currency that would be available over widely dispersed areas for use in a national emergency.

"Such a provision would make possible the eventual release of over \$2-billion of reserves for all member banks. Country banks in the aggregate hold nearly \$1.3-billion of vault cash, amounting to nearly 4% of their net demand deposits or about a fourth of their present required reserves, while reserve city banks as a group have vault cash holdings amounting to 1.7% of net demand deposits, or less than one-tenth of their total required reserves. The vault cash holdings of many large city banks, however, including most

Eavesdropping



THE INDIANAPOLIS NEWS

central reserve city banks, amount to 1% or less of their net demand deposits and but a small fraction of required reserves."

The committee disclaimed that the purpose of the bill is to interfere with the monetary policy objective of the Fed. And for that reason it supported strongly the discretionary authority that the Fed will have to count all or part of the currency and coin of member banks as reserves.

In supplemental views Senator Douglas raised a question about the vault cash provision increasing the "potential" credit expansion. He declared:

"Certainly we would hope that the Federal Reserve authorities would not allow the expansion authority granted by this bill to go into effect without at the same time taking an offsetting or compensatory action.

"But banks are in business to make money, and, with interest rates already driven up, the potential expansion of earning assets permitted under this bill could not help but result in pressure from most of the banks for the chance to create additional credit."

A.B.A. on Credit Unions

Substantial changes in proposed legislation to broaden the organizational structure and services of Federal credit unions have been urged upon a House Banking and Currency subcommittee by the American Bankers Association.

A.B.A. objections to H. R. 5777, introduced by Representative Pat-

man of Texas, were presented May 13 at subcommittee hearings. The Association based its position upon a statement of policy on the role of credit unions which was adopted by its Administrative Committee last month and was incorporated in the presentation.

"The American Bankers Association regards as proper and constructive the original concept under which a group of persons with a common bond may organize and operate a credit union and thereby provide financial assistance to each other by pooling savings to lend to those members of the group who are in need of credit," the policy statement declared.

"The Association believes, however, that any broadening of credit union functions and operations beyond this original concept is not in the public interest."

Citing "strict standards" which govern the chartering and regulation of banks and the "more than a century of development" which has provided a framework of public policy for banking, the statement continued:

"The public interest is endangered if other financial institutions organized under an entirely different concept are granted additional powers enabling them to serve the public at large or otherwise changing significantly the purposes for which they were originally intended. The financial system, under such circumstances, becomes exposed to the same

(CONTINUED ON PAGE 124)

"Foreign Exchange"

NATIONAL and international trade missions and commissions are always busily promoting exchange of ideas, contacts and markets the world over. Here are some bankers and other businessmen recently photographed at work at this type of "foreign exchange" here in the United States.



Madanmohan R. Ruia, *above, left*, leader of a world-touring business-building Indian goodwill trade mission, and president of its sponsoring organization, Federation of Indian Chambers of Commerce and Industry, is shown with M. Gopala Menon, *center*, another mission member, and with American businessman Henry Pohl



At left, 12 top-level Japanese business and financial experts, in this country under the auspices of the International Cooperation Administration and the Japan Productivity Center, conferred with American experts on business forecasting and fiscal policy at A.B.A. headquarters in New York. Americans present, all from New York, included Henry Mueller, vice-president, First National City Bank; Frederic Simmons, economist, Morgan Guaranty Trust Company; William Butler, vice-president, Chase Manhattan Bank; and Eugene C. Zorn, Jr., deputy manager and director of research, A.B.A.

Per Jacobson, *below, left*, managing director, International Monetary Fund, listens to Hulbert T. Bisselle, president, Riggs National Bank of Washington, at luncheon given by the Riggs in honor of the XVIIth biennial Congress of the International Chamber of Commerce, held in Washington during the latter part of April



Edmond Giscard d'Estaing, *below, left*, French financier and retiring president of the International Chamber of Commerce, discusses world monetary problems with Mr. Jacobson and H. Merle Cochran, *right*, deputy managing director of the Fund, at a luncheon given by the Fund and the World Bank during the Congress



Return Government Loan Functions to Private Agencies

The Credit Policy Commission of the A.B.A. has issued a statement pointing out the adverse economic effects of the direct and indirect lending programs of the Government to nongovernmental enterprises. The statement, recommending the return of these functions to private agencies, was adopted by the Executive Council of A.B.A. and is published here in full.

DURING the past quarter-century the credit of the Federal Government has been employed to a growing extent to make direct loans and to guarantee or insure loans of nongovernmental enterprises. The Federal budget estimates that by June 1960, existing lending programs will reach a total outstanding of \$105-billion—including \$23-billion direct loans and \$82-billion guaranteed or insured loans. This compares with June 1945 amounts of \$18-billion direct and \$59-billion guaranteed or insured—for a total of \$77-billion. In June 1945 there were \$5-billion of direct loans and \$6-billion of insured or guaranteed loans—or a total of only \$11-billion.

These expanding Government lending programs represent about one-sixth of the outstanding private debt. They permeate all major credit markets. They cover agriculture, general business, particular branches of commerce and industry, housing, international trade and investment, local governmental organizations, and even consumer lending.

Over the years, Government programs have been instituted to implement a wide range of social and economic objectives. While many of these objectives are doubtless desirable, the effect on the economy as a whole of implementing them through Government lending programs has not been clearly recognized. These programs have introduced rigidities into our financial structure that constitute a long-range threat to eco-

nomic stability and realization of the economic potentials of our nation.

It is widely accepted that both fiscal and monetary policies should constantly be adjusted as economic conditions change. Yet direct lending programs have been a major factor in hindering flexibility in fiscal policy; and both direct and guaranteed lending programs—at times partly insulated from flexible credit markets—have not only impaired the effectiveness of monetary policy but also have complicated the problem of Treasury debt management. The ability of fiscal and monetary authorities to pursue the twin objectives of economic stability and sustainable growth has thus been weakened.

Programs Lead to Speculation and Maladjustment

Government lending programs, by favoring one economic activity or social group over another, often restrict the mobility of resources. They create hidden subsidies that perpetuate economic maladjustments. At times, they encourage speculative use of credit. They relieve private capital of the risk function that is fundamental to the American economic system. These factors tend to foster a progressive relaxation of the terms and conditions of lending, and expose the Treasury to a risk of loss that too often is disregarded.

For the most part, Government

Government Loan Programs

(Billions of dollars outstanding)

Fiscal Year	Direct Loans	Guaranteed Loans	Total
1954	\$15	\$40	\$55
1955	17	45	62
1956	17	51	68
1957	17	56	73
1958	18	59	77
1959	22	70	92
1960	23	82	105

SOURCE: Federal Budget.

lending programs have been developed on the premise that credit is not readily available from private lenders on "reasonable" terms. Usually, the "reasonable" terms mean lower interest rates. This creates a bias in favor of interest rates below the levels that otherwise would prevail, and makes more difficult the problem of promoting a flow of savings sufficient to achieve a sustainable rate of economic growth.

Costs Are a Heavy Burden

The cost of a Government lending program is not measured simply by the direct outlays involved. Equally as important are the indirect costs created through the impact of the program upon the over-all credit structure, including the rates paid by the Treasury on its own obligations. It should be abundantly clear that the offering of terms more favorable than those that would prevail in the market in the absence of a guarantee or direct Government loan, produces for the borrower an indirect subsidy, the cost of which must be met ultimately by the general taxpayer or, in the absence of adequate taxation, by inflation. The recipients of these subsidies inevitably become more concerned with continuing and extending the availability of easy credit than with the effects of such credit on the general public welfare.

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Banks Can Be Protected

*But Among Other Growing
Bank Robbery Problems
Is That of the "Amateur"*

JOHN EDGAR HOOVER

Director, Federal Bureau of Investigation,
United States Department of Justice



Mr. Hoover

ON January 7, a middle-aged man pulled an automatic pistol from his pocket, handed a paper bag to a teller with the demand that it be filled with money, and, clutching nearly \$1,000, fled from the Community State Bank in Seneca, Ill.

On March 28, a young expectant mother handed a threatening note to a bank official in Addison, Mich. Moments later she dashed to the street with a \$550 bundle of bills.

On October 7, a lone bandit wearing a Halloween mask and brandishing a pistol staged a \$53,682 bank holdup in Alexandria Bay, N. Y.

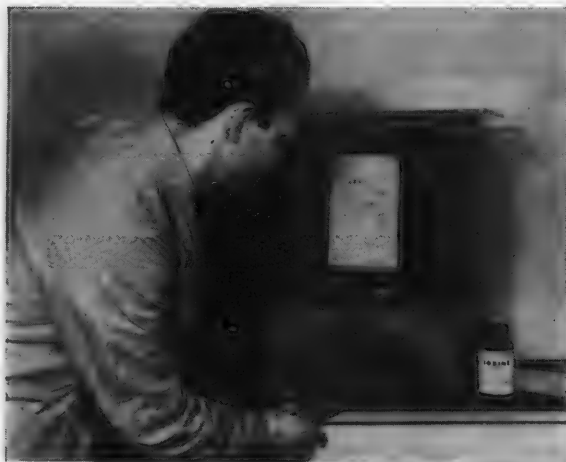
On December 5, a well-dressed gunman calmly executed a \$4,250 robbery at the First State Bank and Trust Company in Bryan, Tex.

These four robberies occurred in 1958. The bandits included a painting contractor, a farmer's wife, the operator of an excursion boat, and a payroll auditor. Despite their

otherwise diversified backgrounds, these four persons—three men and a woman—had one thing in common: All were complete amateurs in the field of bank robbery.

Due in part to the efforts of "amateurs" such as these, a new record was established in assaults upon banking institutions last year. A total of 704 violations of the Federal Bank Robbery Statute—including 416 robberies, 206 burglaries and 82 larcenies—were reported to the

*At the left, latent fingerprints on an extortion note are being developed by an FBI technician with the use of iodine fumes.
At the right, a burglary suspect's shoes in the FBI laboratory are found to contain safe insulation*



FBI for investigation. This represents an increase of 43% over the 491 offenses which were committed in 1957, and it is 200% over the figure 10 years ago.

The peak, unfortunately, is still not in sight, for violations of the Federal Bank Robbery Statute have continued to rise in 1959. The first quarter of this year witnessed an increase of approximately 25% in these offenses compared with the same three months of 1958. At the present rate, well over 800 bank robberies, burglaries and larcenies during 1959 are inevitable.

(EDITOR'S NOTE: The American Bankers Association figures quoted on page 38 differ from those given by Mr. Hoover because they include only hold-ups and burglaries against banks. The FBI data cover such crimes, and others that come under the Federal Bank Robbery Statute, committed against not only banks but also Federal savings and loan associations and Federal credit unions.)

Enter the "Amateur"

In the face of the sharp rise in assaults upon banking institutions, the role of "amateur" bank bandits is of increasing concern to America's law enforcement agencies. The FBI recently conducted a survey of 200 bank robberies staged last year by lone bandits. We did not include any cases in which the criminal was still at large. Our survey disclosed some very enlightening facts about the criminal backgrounds of the persons responsible for these 200 crimes.

In nearly 25% of the cases, no prior record of criminal activity was located. Another group of lone bank bandits—one almost as large as the group of "complete amateurs"—had minor records consisting merely of arrests for vagrancy, disorderly conduct, and the like.

The ages of these "amateur" bandits varied widely—as did the schemes they used in their assaults upon banks. One of these robbers, described as "a grandmotherly type of woman," patiently waited in line at a teller's window of a New York bank. When her turn came, she pushed a hand-printed note and a brown paper bag across the counter. The note read:

"Put all your \$5—\$10 and \$20 bills in this bag—there are two men guarding me with guns—I have acid

in this glass—if you make an attempt to alert anyone there will be shooting and you will get this acid in your face. Give me 5 minutes to get out of here—You wouldn't want to see any of your associates get shot or acid in his eyes. HURRY."

The teller looked up to notice that the woman had pushed a drinking glass containing a clear liquid against the grill in front of him. He

complied with the bandit's instructions, stuffing \$3,420 into the bag. She fled with the loot and succeeded in disappearing into the crowds on the streets outside.

One month later, "Grandma" tried the same scheme at another New York bank. This time a bank guard was summoned into action before she

(CONTINUED ON PAGE 116)

All-Out Protection

DEEP inside the National Bank of Detroit's new main office at the corner of Woodward and Fort will be a bulletproof, gadget-packed, control room that will serve as the nerve center for a security system designed to provide the utmost in bank protection.

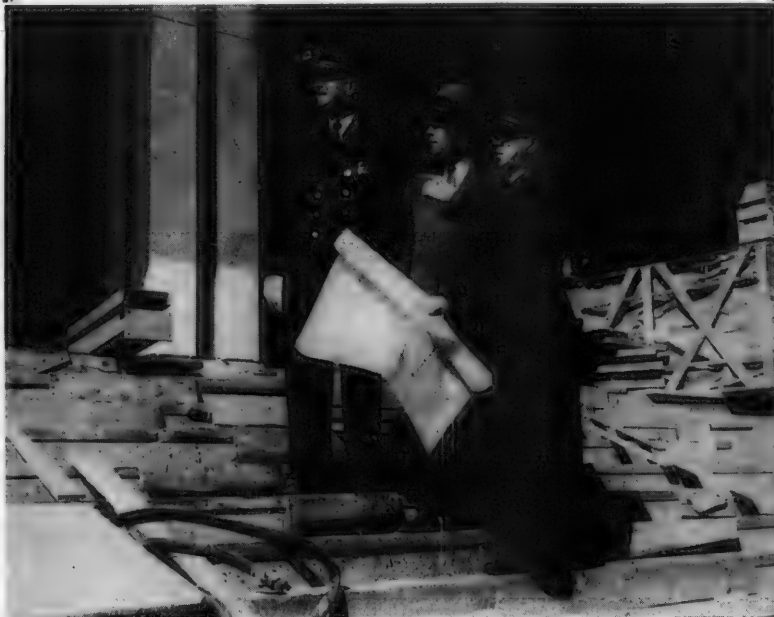
Within this 14' x 13' room will be centralized the police signal and control system. Here an electric console with built-in warning devices will tell the guard on duty—at a glance—if a security area in the building is being illegally entered or not properly policed.

Closed circuit television receivers also will be used to check the identity of personnel in vehicles entering the bank. In addition, there will be radio and telephone equipment that, if necessary, can bring detachments of Detroit police to surround the bank in a matter of seconds.

The only obvious sign of security on the exterior of the bank will be a guard booth on the Congress Street or south side of the building, at the point where trucks and armored cars enter. During banking hours a guard will be stationed in this booth behind 2-inch bulletproof glass and armorplate. By an intercommunication system he will be in direct contact with the guard room and all other security stations throughout the building. A direct line will connect him with Detroit police headquarters.

At night, when this guard station is not manned, the closed circuit television cameras will take over and "check in" each vehicle as it makes its way down the ramp to the internal receiving area.

National Bank of Detroit's new main office building gets its first security check from Louis J. Berg (left), superintendent of Detroit police, Vice-president Raymond J. Hodgson, who is president of the N.B.D. Building Co., and the bank's police chief, Melroy O. Myhren



5,000 New Bank Officers Yearly

An Interview with FDIC's Chairman Wolcott on Supply and Demand in Management Material

HERBERT BRATTER

Q. Mr. Wolcott, in a recent address you referred to the problem of bank management and its continuity. Is this to any extent a serious element of weakness in our banking structure today?

A. I think it is serious enough to merit more attention than it is now receiving. Fortunately the problem of bank management succession is one that can be solved, because the vast majority of banks and an even larger portion of bank assets are in the hands of competent management. Nevertheless, there are many banks with satisfactory management except that they have no plans for management replacement.

Q. If banks are lagging in giving attention to the next generation of bankers, what is likely to happen? Will they be run by less competent people or will such banks be forced to drop out?

A. I don't think it will be the former. Banking is far too important in the nation's economy to be run by incompetents. But when you say "forced to drop out," I am not quite sure just what you mean. If you mean, will competition force them to drop out I would say "yes." Competition is the force most responsive to the needs of the public, and the public will get the kind of banking which it needs. In some cases this may mean that strong banks will take over the weak and establish branches.

Management and Mergers

Q. To what extent is management a factor in explaining the number of bank mergers which occur each year?

A. Let me answer that by saying, first, that bank mergers generally result from a complex set of motives and circumstances, so that it is difficult to single out any one cause in

explaining them. It does seem, however, that many mergers and consolidations might not have occurred except for management difficulties in the merged bank. For example, we recently completed an analysis of mergers during the last four years involving banks regularly examined by the FDIC, and found that in almost 40% of the cases analyzed, the inability of the absorbed bank to replace management retiring because of age, ill-health, or something similar was a principal reason for the decision to agree to a merger. Some of these managements were weak; others were satisfactory and operated profitable banks, but simply lacked foresight with respect to finding replacements for themselves. Then, in another 10% of the cases, we found that weak or incompetent management was the principal factor influencing the decision to merge. As I see it, then, the answer to your question is that failure to meet and solve management problems, particularly those involving management succession, almost certainly contributes each year to the number of bank mergers.

Effect of Fewer Banks, More Branches

Q. Suppose that through mergers and consolidations, the number of commercial banks should be appreciably reduced in the coming years, and replaced by branches. Would that be good or bad for the country and the communities concerned?

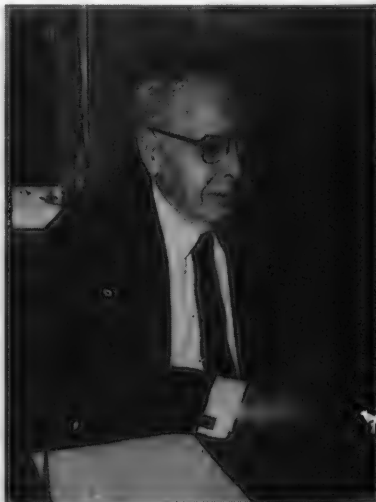
A. With our present banking laws, I do not believe there will be such an extension of branch banking that it will be a threat to dual banking or alter our fundamental unit banking system. After all, there are almost 12,000 unit banks that are not operating branches. I hope our laws are never changed to permit an ex-

tension of branch banking beyond state lines.

On the other hand, I believe it is possible to have limited branch banking systems, within states that choose to permit them, that retain all of the advantages of our unit banking system. If a moderate extension of branch banking helps solve the management problem, it may serve a constructive purpose. The community that loses a unit bank to a branch system may be better served because of the infusion of more able management, as well as other important considerations.

Before I leave this question, I want to make perfectly clear that I am not saying that all mergers are desirable. The supervisory authorities, the Congress, and the states must be alert to the possible threat of monopoly in banking. For this

"In no other business is there better opportunity for in-service training than in banking."



reason, I strongly favor legislation that will give the Federal bank supervisory agencies the authority to consider the monopoly aspects of all proposed mergers.

Recognize the Problem

Q. If conversions of unit banks into branches is the solution to the management succession problem, what will happen in states that do not permit branch banking, or severely limit it?

A. I did not mean to imply that branch banking is the only or even the most important solution to the problem. There are many approaches to it that can be and are being taken. The first that comes to mind is recognizing that management succession does present a problem, and then doing something about it. That is to say, start training someone to take over. This may or may not mean recruiting one or more new employees. Too often an employee with senior officer potential is already in the bank, but management neglects—until it is too late—to give him the responsibility that would ready him for such a position.

Then there is the question of salary. By and large, banks have not shown the disposition to meet their competition for top-notch talent. They must pay the going rate to attract and retain the high caliber individual needed in banking. Banking is no second-rate occupation, and its

salaries should not make it appear that it is.

So far as training is concerned, there is no substitute for active participation in the affairs of management. This can be supplemented by A.I.B. courses, attendance at one of the schools for junior executives being sponsored by many states or groups of states, or The Graduate School of Banking sponsored by the American Bankers Association. In no other business is there a better opportunity for in-service training than in banking.

Salaries Often Inadequate

Q. You say bank salaries are inadequate. Have you any figures on them?

A. Yes. There have been a number of studies on personnel problems of banks, and they all seem to show that in many banks salaries are inadequate. For example, about a year or so ago we made a study of officer salaries in 8,000 banks with deposits of less than \$25,000,000 and found, as you might expect, that in many of the smaller banks salaries were woefully low. We found that the compensation of bank officers decreased directly with declining size of banks, from an average of \$20,300 for the highest paid officer in banks with deposits of from \$20-25,000,000 down to \$3,800 for the highest paid officer in banks having less than \$500,000 in deposits.

One finding which bears on this management succession problem we've been discussing concerns the average salary of the second man in the bank—the man presumably in line to replace the chief officer. Among banks with less than \$1,000,000 in deposits, we found that 75%

(CONTINUED ON PAGE 136)

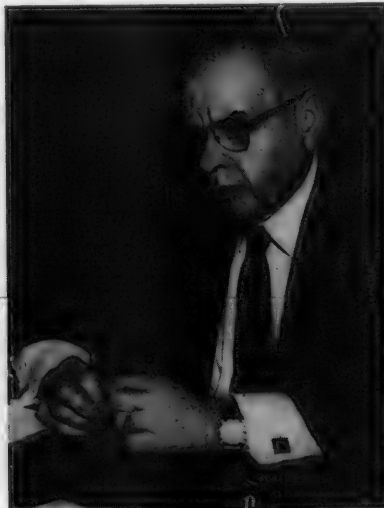
"Bankers should become aware of the great problems in the fields of money and banking that are facing the nation, and should be able to speak about them with authority and conviction."



"By and large, banks have not shown the disposition to meet their competition for top-notch talent... Banking is no second-rate occupation, and its salaries should not make it appear that it is."

"Being a banker means more than just running a bank; it carries with it great obligations to one's bank, community, and nation."

"Salaries are important, but steady advancement in authority and responsibility is just as necessary as adequate compensation."



BANKING'S Spotlight On—

HENRY C. WALLICH

BANKING's Washington Correspondent Herbert Bratter, reports on the beliefs, the background, and the experience of the newest member of the Council of Economic Advisers.

WHEN Henry C. Wallich, Yale University economics professor, prepared his article, "Conservative Economic Policy," for the autumn 1956 issue of the *Yale Review* he did not realize that he was opening a path that would lead him to his present post as member of the important Council of Economic Advisers. But that is just what the then 42-year-old, bank-trained economist did. In easy-to-read language Wallich's short article put down on paper an economic credo for all present-day conservatives.

For some months starting last August, Dr. Wallich had an office in the U. S. Treasury Building, a few steps down the hall from that of Secretary Anderson. He first served the Secretary as consultant on long-range tax policy, debt policy, and the general economic problems facing the Treasury. In January he was given charge of the Treasury's tax analysis and international tax staffs, continuing as Assistant to the Secretary.

It was Mr. Anderson, who while still in private business, called Dr. Wallich's *Yale Review* article to President Eisenhower's attention. The President read it with keen interest and had the article circulated.

Dr. Wallich, who got his Ph.D. at Harvard, has a background in banking and business. In 1935 he was employed by the Chemical Bank. For a decade ending in 1951 he was with the Federal Reserve Bank of New York, where he became chief of the foreign research division. He resigned that position to become a professor of economics at Yale, where he taught money and banking and courses on economic de-

velopment. Dr. Wallich's doctoral dissertation was on the monetary problems of an export economy.

Dr. Wallich's interest in money and banking is not surprising. His father was a well-known German banker, an officer of the Berliner Handelsgesellschaft; and his grandfather was one of the founders of the Deutsche Bank in 1871. Dr. Wallich's book, *Mainsprings of the German Revival*, published in 1955, attracted wide attention for its clarity of thought and presentation.

The Yale economist does not profess to be an abstract theoretician. He relies on his good judgment to size up others' ideas and tries not to fall for gimmicks and gadgets. Of him the *Yale Daily News* has said: "Cautious, erudite, slightly Harvardish: this is Yale's Professor Henry C. Wallich."

Dr. Wallich is much interested in sound currency and sound fiscal policies. One of the gimmicks which he does not accept is the theory that we have to have creeping inflation or else unemployment. "Creeping inflation," he states, "is quite wrong."

"It is always worthwhile in the present to make some sacrifices for the future," Dr. Wallich told BANKING. "Both the individual and the economy should have some resources so as to have a bigger economy later on. For this reason I am against

inflation, which is a way of trying to do something in a hurry at the expense of the future. With inflation, more growth now means less growth later, as we shall have destroyed the base from which alone stable growth can come. Inflation tends to disorganize the currency, our saving habits, the price system. Creeping inflation is, as a policy, quite wrong.

"So long as we bend every effort to fight inflation," the economist continued, "we probably won't be hurt too seriously if a little inflation occasionally should get past us. But, if we deliberately allow it, we are sure to get much more than we want. People would plan on inflation and thus add to the process."

Dr. Wallich believes that the budget must be in approximate balance or inflation may start creeping again and creep a lot faster. He is in full accord with recent policies of the Federal Reserve Board. Cheap money is no solution, he holds; and to bring interest rates down by having the banking system create money won't give us growth, the CEA member states.

In his article on conservatism Dr. Wallich said: "Conservatism must keep its policies in line with the changing pattern of American life." In his new job he should have ample opportunity to apply his dictum.



Mr. Wallich

BETTER METHODS & SYSTEMS

Cost Cutting Case Histories

HERE ARE A FEW CASE HISTORIES on cost cutting, reported by A. E. Cleere, senior vice-president, First City National Bank of Houston, at the New Orleans regional conference of the National Association of Bank Auditors and Comptrollers. The information Mr. Cleere passed along was culled from surveys he had made in many banks as a guest observer of personnel and operating practices. He stressed the importance of good personnel administration and supervision—a prerequisite of controlling rising costs.

Clerical Costs Down, Efficiency Up

One bank visited by Mr. Cleere had 50 employees. They were receiving good salaries for 40 hours a week, but many were working less than 30 hours and the over-all average was 32. The bank was thus paying for 400 man-hours a week

or 20,800 a year "without getting anything for its money." The average pay was \$1.75 an hour, so the bank was out approximately \$36,000 a year. Many employees were improperly selected; there was no training program and, aside from hiring and firing, no one was responsible for selecting and coaching newcomers.

To correct the situation, an officer was made personnel director. In six months he had cut the number of employees from 50 to 40, set up a simple training program, and, with help, streamlined antiquated methods. Result: the bank saved more than \$50,000 a year. With some of the savings in the cost of excess workers and by using the full time of the remainder, he raised salaries. Personnel turnover has been greatly reduced and efficiency has improved.

Officers' Time

Officers are paid primarily for

their knowledge of credits, investments, operations, etc., but some spend much time doing clerical chores; thereby burdening the bank with costs.

In one bank [Mr. Cleere recalled] there appeared to be a shortage of officers for customer service. Analysis revealed that nobody had tried to determine how much of the officers' time was spent interviewing the customers and servicing their needs.

The practice was for a lending officer to take loan applications and tell the prospective borrower when to return for the answer. When the customer left, the officer would call the credit bureau, assemble all data pertaining to the application, submit it to his loan committee, and write up the information for the minutes. If the loan was approved, he would—in the case of a car credit—contact the dealer; type the chattel mortgage; record the bank's lien on the title certificate; prepare the note; compute the discount; inquire about insurance coverage; prepare a credit file; and fill in a sheet showing disposition of funds. Meantime, other customers were coming in to discuss their needs; finding that officer busy, they went to another's desk—and so on, until the platform was crowded.

The bottleneck was easily eliminated. A study was made to determine how much of an officer's time was required to handle the duties he was highly paid to perform, and how much was spent on clerical work.

"We found," said Mr. Cleere, "that we could eliminate about 75% of the time put in by lending officers on completing loan applications. By careful selection of qualified lower



paid personnel, we found that non-officers could not only perform this 75% faster than the officers, but more efficiently and accurately. In other words, we separated the highly skilled and professional work from the routine functions, assigning the work accordingly.

"The lending officers were relieved of all work other than original contact with the customers and pure credit analysis. We set up a credit investigation department headed by a junior officer, and a loan closing division supervised by a head note teller. The customers liked this arrangement since there was less delay. The officers making the loans had plenty of time to interview all customers leisurely and pay more attention to creating goodwill. At the same time, the junior officer and the closing teller were being trained for more responsible positions.

"Soon after this change was adopted the bank found it had a surplus of officers, some of whom were assigned to new duties, such as outside calls, an assignment that had been neglected."

Bookkeeping Costs

A comparison of bookkeeping costs in suburban banks of a Texas metropolitan area disclosed a wide difference in the average number of items paid per bookkeeper; the range was from 10,460 to 17,000 a month. A study revealed that in the bank with the lowest production there was virtually no direct supervision over the bookkeeping department, and the turnover was nearly 100% annually. No training program had been set up and the quality of the records was substandard. Customers constantly reported statement errors; many accounts were closed. Reason: "gross neglect on the part of management."

In the bank with the highest production the circumstances were just the reverse. An officer was directly responsible for operations; records and morale were excellent; a higher-than-average salary scale practically eliminated turnover. Reason: "qualified supervision."

Mr. Cleere suggests that bankers interested in controlling rising costs "carefully analyze the type of supervision in your institutions. If it is not top level, then your expense account is greater as a result."

Audit Control Under Automation

WHAT effect will automation have on audit controls? The answer to that question, observes William E. Bell of Arthur Andersen & Company, accounting firm, will depend on how much automation you have.

He told the National Association of Bank Auditors and Comptrollers' regional meeting at New Orleans that it seems likely the auditor "may be forced to rely more heavily on an examination of procedures than on the examination of volumes of detailed data."

"Many of our present auditing techniques," he continued, "revolve around the basic idea of tracing selected test data from the final report or ledger back to the specific source document to determine their validity. For example, if we are examining advertising expense we will analyze the account, select certain charges and trace them back to the exact invoices which substantiate the expenditures. As a revised approach the auditor might test the validity of a group of invoices in themselves, i.e., that they represented valid charges; that they were approved, checked, audited, etc.; and that they were properly coded.

"He might then determine that

they had been key-punched correctly by examining control totals, proof runs, etc. He would then satisfy himself that the computer program was functioning properly by checking it with test decks. He also would satisfy himself as to the controls in the machine room—use of control totals, physical tapes, etc. In short, he might audit the procedures from source document to final report—with less emphasis on specific sources of data."

Judgment Still Important

Mr. Bell doubts that all checking of individual items will cease, but it may be somewhat curtailed. Also, circumstances will determine what auditing steps will be necessary.

"The auditor will still have to exercise judgment, as he does now, but the advent of more and more automation, when properly evaluated, should enable the competent auditor to devote more time to thoughtful observation and less to detailed checking of figures."

Mr. Bell made these suggestions:

- Although automation is much more accurate than people, remember that poor procedures remain just that when transferred to electronic equipment, so it's important

The Key to Automation Is STUDY

FROM "Small Talk," published for members of the management of The Chase Manhattan Bank, New York:

"A small bank with a limited number of accounts could legitimately claim to be 'completely automated' if it had a battery of 'tronic' bookkeeping machines. This could well be all the automation that its operations would support, and the adoption of more machines and more complex systems would simply be a waste of money.

"On the other hand, Chase Manhattan with a medium-sized data processing system, plus about 50 'tronic' bookkeeping machines, does not regard itself as automated at all. The systems and equipment we have represent only small installations in view of the volume, scope and complexity of our operations.

"The key to automation here or anywhere does not lie in buying a couple of wagon-loads of shiny electronic equipment and relying on it to solve your problems. It lies, on the contrary, in intensive expert study of present systems of operations, plus correlative studies of how these operations might be performed by other systems, using various types and groupings of available equipment."

that your methods be examined closely before the new system is installed.

- **The auditor must know something about the new equipment and what the operator can do.** A short course in programing or in the fundamentals of electronic systems is highly beneficial.

Accuracy Essential

- **Be sure that the program is accurate.** It would be well for the auditor to attend "de-bugging" sessions and thus satisfy himself that the run is adequately checked. "If he is not present, the best procedure is to prepare a test deck representing various valid and erroneous assumptions. When the deck is processed the auditor can determine

that each item is getting proper treatment. Although this test will not give absolute assurance that the program is correct, it will correspond to the tests normally made."

Mr. Bell also observed:

"I have seen some recommendations that the auditor might review the flow-charts and logic of the program as a test of its validity. I see little value in this step because, in the first place, he likely will not understand the chart unless he has had considerable experience in programing; in the second place, if he does not understand it he will have no assurance that the charted logic was properly programed; and third, he actually has no assurance that the program he is observing is the one which was flow-charted."

Controls Air-tight

Commenting on the "possibility of dishonest programing and improper operator intervention" as a bank hazard, Mr. Bell said he couldn't get "very excited" about this problem.

"It has been my experience that the programer and console operator are so insulated that it would take a remarkable amount of collusion to bring about a defalcation. The controls can be almost air-tight.

"Once the program is put into operation, the programer should not have further access to it unless a major change is undertaken. Control totals for each run serve as something of a continuing check on the validity of the program. The console operator normally has an incomplete conception of the run . . ."

Internal Trust Audits

THE minimum functions that should be included in a continuous internal audit of a trust department were outlined by W. R. Pistole, trust officer and assistant secretary of the Wachovia Bank and Trust Company, Winston-Salem, N. C., in a talk to the Southern Trust Conference sponsored by the A.B.A. Trust Division at Birmingham, Ala. Here, in part, are his suggested points.

1. Dual Control of Assets in the Trust Vault. Trust personnel should not be allowed access to the trust vault without the presence of a member of the audit or banking department staff. All deposits and withdrawals should be made only after properly authorized accounting tickets have been prepared. The necessity for effective control in this area cannot be overemphasized. The auditor should be impressed with the fact that each asset placed in or removed from the vault should be carefully examined to be certain that descriptions, amounts, certificate numbers, or other identifying data correspond to information contained on entry or withdrawal tickets.

2. Verification of Trust Income Receipts. One of the most desirable ways to audit trust account income is to make some check at least monthly. Most trust departments probably have a dividend informa-

tion service which could be passed on to the auditor for determining that all dividends have been received and properly credited. As for closely held stocks and others which might not be listed in such a service, ticklers could be set up so that they will be checked on or about usual payment dates.

The auditor should also check rental payments. Leases, particularly those with percentage clauses, should be examined periodically. Improved real property shown as vacant by the trust department's or

a rental agent's records might be checked occasionally to be certain that it is in fact vacant.

An advance list of coupon income due on each interest date usually is prepared by a trust department for assistance in cutting coupons. An auditor should, of course, be present when the coupons are cut and verified against the list. Any difference between the advance list and coupons actually cut is immediately apparent and should be reconciled at that point.

(CONTINUED ON PAGE 100)

BANKER INVENTS ENVELOPE DISPENSER

This is the rain-proof envelope dispenser, with desk-top feature, invented by Executive Vice-president R. C. Nahm, Bank of South Miami, Fla. Made of heavy plastic, it's on the outside wall next to the deposit slot, convenient for after-hours customers, many of whom are using the new service



The Stonier Graduate School of Banking

NO greater honor could be paid to the memory of Dr. Harold Stonier than to name the Graduate School of Banking for him. He was the founder and for many years the director of the school which is conducted by the American Bankers Association at Rutgers—The State University, New Brunswick, N. J.

The decision to rename the school as The Stonier Graduate School of Banking, effective September 1, 1959, was made by the Administrative Committee and Executive Council of the Association at their spring meetings in White Sulphur Springs. This action was taken on the recommendation of a special committee headed by Fred F. Florence, chairman of the executive committee of the Republic National Bank, Dallas, Tex., and president of the A.B.A. in 1955. It was announced by Lee P. Miller, president of the A.B.A., after being endorsed by the school's board of regents and by Rutgers officials.

Dr. Stonier was a principal figure in education during most of his lifetime, and more particularly in education of bankers. He came to the

A.B.A. in 1927 as national educational director of the American Institute of Banking from the University

Origin of G.S.B.

"**ORIGIN** of The Graduate School of Banking" was the title of an article appearing in June 1947 *BANKING* by Dr. William A. Irwin.¹ Here, in part, is what "Dr. Bill," as he is affectionately known throughout the banking world, said about the school's origin:

"During the depths of the great depression of 1929-33, Ambassador Dwight W. Morrow, in the course of an address, made the statement that 'In America hope is greater than history.' And at the annual convention of the American Bankers Association held in 1932, Dr. Harold Stonier, then national educational director of the American Institute of Banking, quoted the Ambassador's statement and told the convention about plans that were then being formulated to provide an intensive course of study for graduates of the A.I.B. in the hope of building a better banking structure.

"The idea of such a course of study originated with Dr. Stonier, who has been director of The Graduate School of Banking since its inception. He first thought of the plan in 1929 and consulted about it with many leaders in banking, such as the then president of the A.B.A., Harry Haas, John H. Puelicher, chairman of the Association's Public Education Commission, and others, as well as with the Executive Council of the American Institute of Banking. A careful survey of the proposal was made by all the parties concerned, and the findings of the Commission were presented to the Executive Council of the A.B.A. in Washington in October 1934, and to the Executive Council of the Institute in Augusta, Ga., in January 1935. The outcome was the establishment of The Graduate School of Banking by action of the Executive Council of the A.I.B. in January 1935 and its endorsement by the American Bankers Association."

(1) Before his retirement, Dr. Irwin was economist of the A.B.A. and associate director of the G.S.B.

of Southern California, where he had been vice-president. He had also been an instructor of courses in economics for Los Angeles Chapter, A.I.B., where his work attracted the attention of Association leaders. When the post of national educational director of the A.I.B. became vacant in 1927, he was asked to fill it.

Ten years later he was named

In 1935, when the Graduate School started, there were 15 faculty members. When the 1959 resident session convenes on June 8, the school will have 107 faculty members and special lecturers. In addition, 129 men will serve on 43 thesis panels. The original faculty, left to right, front row, Richard W. Hill, John J. Driscoll, Dr. Stonier, Adrian M. Massie, Dr. George W. Edwards, Dr. Willard E. Atkins, Dr. Austin W. Scott. Back row, left to right, Walter Elder, O. Howard Wolfe, Gilbert T. Stephenson, Dr. Eugene E. Agger, Edward Stone, Norman C. Miller, James Brines, George P. Barse



executive manager of the Association and in 1952 he was named executive vice-president. From the founding of the Graduate School in 1935 until his death in 1957 Dr. Stonier had been its director and later its dean.

Dr. E. Sherman Adams, A.B.A. deputy manager, was appointed director of the school in 1955.

Other Stonier Memorials

Mr. Florence eulogized Dr. Stonier for his leadership in banking and education and told of memorial steps already taken by others, since his death, which include the following:

Rutgers has established a Harold Stonier Memorial Library, which includes Dr. Stonier's personal library, donated by his widow, and books purchased through the Stonier Library Fund, whose contributions come annually from graduating students at G.S.B.

Announcement is made by the A.B.A. on page 89 of this issue of fellowship grants for postgraduate study in banking and related fields to be designated as Harold Stonier Fellowships in Banking, in memory of Dr. Stonier.

Stonier Memorial Lecture

The practice of having a speaker of international prominence deliver a Stonier Memorial Lecture was initiated at the 1958 summer session and the day of the lecture was designated as Stonier Memorial Day. The first such address, on June 13, 1958, was by the Honorable W. Randolph Burgess, United States Permanent Representative on the North Atlantic Council, who was president of the A.B.A. in 1944. In opening his ad-



The men to whom much of the credit is due for the renaming of the G.S.B. The Stonier Graduate School of Banking and arranging the \$600,000 gift to Rutgers—The State University, are shown at an informal meeting at the A.B.A.'s spring meeting at the Greenbrier, after the actions were approved. Left to right, Messrs. Adams, Miller, Reese, Florence, and Powers

dress, Dr. Burgess referred to a 30-year acquaintance with Dr. Stonier and paid tribute to his friend in this manner:

"The success of a democracy depends on its leadership—the power to persuade, to convince, to induce enthusiastic and voluntary cooperation. Hal Stonier possessed this power in high degree. He had an extraordinary gift for establishing a special relationship with many people who felt that he understood them almost better than they understood themselves.

"This rare capacity to understand people was the basis for the great contribution Hal made to banking. The Graduate School of Banking was a tremendous aid to him in making that contri-

bution. Over the years its graduates have lifted the quality of banking; and they have gained here also a clearer vision of the true place and meaning of banking in the life of this country, and of this day."

The 1959 Harold Stonier Memorial Address will be given before the entire student body by Maurice Megrah, secretary of the British Institute of Bankers (retired), on Friday evening, June 12. (School in session from June 8-20.) Mr. Megrah, who was recently elected an Honorary Fellow of the Institute of Bankers, was a long-time friend of Dr. Stonier's. He will speak on the increasing importance of the United States in world trade.

Name Changes on September 1

In proposing the change in the name of the school, Mr. Florence said:

"It is a great honor formally to propose in behalf of the members of the Harold Stonier Memorial Committee that as a memorial to that great and illustrious leader in American banking, Dr. Harold Stonier, the name of The Graduate School of Banking be changed to The Stonier Graduate School of Banking — and that the change become effective September 1, 1959.

"In our long and devoted study as
(CONTINUED ON PAGE 106)



Dr. Stonier is shown in his Rutgers office, flanked on the left by G.S.B. theses

A.B.A. Gives \$600,000 for University Building

Gift to Rutgers Expands G.S.B. Student Body Capacity

MARY B. LEACH

EXPANSION of the student body of the American Bankers Association's Graduate School of Banking at Rutgers—The State University in New Brunswick, N. J., from 1,050 to 1,500 or 2,000, according to the demand, will be possible after the construction of a \$3,000,000 dining and assembly hall at the university. Impetus was given to the university's long-delayed plan to erect a new building for dining, residence, and assembly purposes by a \$600,000 gift to Rutgers by the Association. The contribution is to be paid over a 15-year period.

Recommendation for the A.B.A. gift was made on behalf of the Graduate School's board of regents by Everett D. Reese, chairman of the board of The Park National Bank of Newark, Ohio, and was announced, following a meeting of the Associa-

tion's Executive Council in White Sulphur Springs, by Lee P. Miller, A.B.A. president and president of the Citizens Fidelity Bank and Trust Company, Louisville, Ky.

To show its appreciation to Rutgers for its cooperation in providing facilities on the campus for the Graduate School since its founding in 1935, the A.B.A. had previously made gifts of \$200,000 to the university.

Tentative plans call for the construction of the new building to begin in the fall of 1959, with the completion date in 1961.

The new building will be used by the Graduate School during its annual 2-week resident session, as well as by the university in its year-round academic schedule. It will, in part, be identified as a memorial to the late Dr. Harold Stonier, former ex-

ecutive manager and executive vice-president of the American Bankers Association and founder, director, and dean of the school.

The new facilities, Mr. Reese said, will enable the Graduate School to admit more students, possibly even twice as many as can presently be accommodated. "For many years," he said, "we have had each year many more applications from fully qualified bank officers than the school could accommodate. Although we have steadily been raising our standards for admission and upgrading our curriculum, there are simply more bank officers with topflight credentials seeking to attend G.S.B. than we can possibly admit because of the present limitations. It is clear that over the years ahead, these demands on G.S.B. will continue to increase."

(CONTINUED ON PAGE 104)

The new dining and assembly hall at Rutgers will be located on the Bishop campus and front on College Avenue, as indicated by arrow. Other university buildings shown in the picture are, *left to right*, university bookstore, library, and the Commons, the present dining and assembly hall

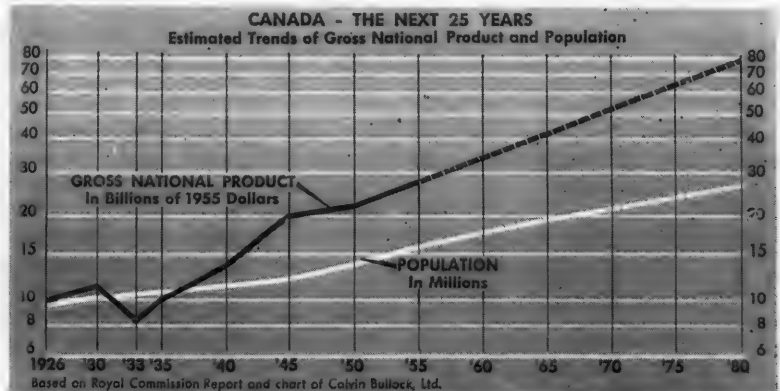


Canada's Outlook Improves

CANADA accorded a generally satisfactory acceptance to the American Administration's removal of oil import restrictions as applied to this country. However, no immediate benefits are in sight. The Province of Alberta, the biggest source of supply for the Puget Sound market, has not been able for a year or more to meet the competition of cheaper oil from South America, the Middle East, and the Far East. But the Puget Sound area should in time become an important outlet for Alberta crude.

A hot debate in the Canadian Parliament is developing over the government's domestic defense measures, particularly in respect to the cancellation some weeks ago of a \$400,000,000 contract with a huge aircraft company near Toronto for a large number of supersonic interceptors. This resulted in the layoff of thousands of employees and a fine engineering team, some of whom have found re-employment in the United States. However, the government is likely to soften the opposition by its action in persuading the American Administration to permit Canadian defense industries to bid on contracts for armament required by the United States.

A national budget was presented recently in Canada's Parliament by the Minister of Finance which was not as unfavorable as predicted by most authorities. Sales and income taxes were raised slightly; those on corporations rose from 45 to 47%.



While Canada's population will not quite double during the next 25 years, her physical output of goods and services will nearly triple by that time

Despite the higher levies, the Minister of Finance expects a \$393,000,000 deficit for 1959-60 on expenditure of a record \$5.66-billion. The deficit last year was \$616,600,000. It is thought likely that there will be a balanced budget next year.

The Minister of Finance said there is renewed vigor in Canada's economy and predicted an above-average rise of 7% in national production in 1959. This prediction, compared with a below-normal gain of 2½% in 1958, was based on the assumption there will be normal crops, stable prices, and no "untoward" happenings abroad. He saw no signs of overt inflation this year.

Cash requirements of the government this fiscal year are expected to be about \$850,000,000, including

the budgetary deficit and nonbudgetary items such as advances to Crown companies and an estimated shortage in the old age security fund. The minister anticipates no difficulty in financing these requirements, not only because they will be about \$400,000,000 less than in the year just ended, but also because he expects a more healthy bond market.

He referred to the fact that the United States had acted as a good creditor with Britain and western European countries by taking more of their exports and releasing substantial quantities of its gold reserves. "But," he continued, "it is to be hoped that the people and the Government of the United States will be less timid regarding imports."

Although 1958 merchandise exports to the United States fell by 1%, merchandise imports dropped 12%. As a result the imbalance in commodity trade was substantially reduced and the deficit fell by \$413,000,000 to \$534,000,000 in 1958.

Although the deficit with the United States on nonmerchandise transactions rose by \$66,000,000, most of the shift on commodity trade was reflected in the over-all current account balance and the total deficit declined from \$1.55-billion in 1957 to \$1.20-billion in 1958. The total deficit included nearly \$500,000,000 in interest and dividend payments to American investors.

Gold Trading Facilitated

THE Bank of Nova Scotia, Toronto, announces introduction of a new type of gold certificate by the bank and by Samuel Montagu & Co., Ltd., London bullion firm. The certificates, interchangeable and transferable, will be for fine gold to be delivered in bars in Toronto or London and will facilitate gold trading.

For some years, said the announcement, many owners of gold have stored it in the bank's vaults. Last year BNS introduced a transferable certificate for this metal. Owners of these may exchange them for the new ones.

"This new link with the London market is of great importance in view of the position of London as the world's principal market for gold," the bank said. Canada is the world's second largest gold producer, excluding the USSR.

Why New York Deposit Turnover

Government Bond Dealers, Investment Bankers and Brokers

The author is vice-president and secretary of the Irving Trust Company, New York City.

DEPOSIT turnover in New York City has been rising steadily for many years. As the chart shows, the rate has recently averaged above 50 times a year as compared with only 20 times in 1943. The current rate in New York compares with an annual rate of slightly more than 30 times a year in the six leading centers of Boston, Philadelphia, Chicago, Detroit, San Francisco, and Los Angeles. Many questions have arisen as to the significance of the large expansion in New York and the widening spread between New York and other centers. The growing volume of financial transactions has generally been regarded as responsible for these developments, but until recently no data have been available to measure their influence.

In February 1959, however, the New York Clearing House Association obtained data from its 14 members, for use at recent Congressional hearings, which isolate and measure the effect of some financial transactions upon bank debits and deposit turnover. In this survey, separate

data were obtained for accounts of dealers in U. S. Government obligations, and accounts of investment bankers and brokers.

The results, shown in the table below, are striking: U. S. Government dealers alone accounted for almost \$19-billion of debits in February 1959, or more than 25% of the total debits in New York. Another one-eighth of total debits was accounted for by transactions of investment bankers and brokers. The turnover on these two categories of financial accounts was very high — 11,264 times a year for accounts of United States Government dealers and 299 times a year for accounts of investment bankers and brokers. The turnover on the "all other" accounts in February 1959 was at the annual rate of 32.4 times. Even this rate still contained an indeterminate but unquestionably large amount of debits representing purely financial transactions, such as the investment of long and short-term funds by business corporations, financial institutions other than banks, and individuals, as well as dividend and interest payments and debt redemptions by national corporations in the New York market.

The chart (opposite page) shows

that the adjusted rate in New York, after excluding debits to Government bond dealers, and to investment bankers and brokers, was not appreciably higher than the average for the six other leading centers for which the Federal Reserve collects data. It would appear, therefore, that the greater rise in the rate of turnover in New York City and the widening spread as compared with other centers are the result of the tremendous growth in the volume of financial transactions over the past 15 years. These arise from many financial activities:

(1) **Transactions in U. S. Government securities**—By far the largest part of the trading in Government securities takes place in New York through transactions with Government bond dealers.

(2) **Trading in other securities**—New York is of predominant importance in trading on the exchanges and in the over-the-counter markets.

(3) **Underwriting activities**—Most of the very large investment banking houses have their head offices in New York, where the majority of the closings of large corporate and municipal issues are held.

(4) **Dealings in open market paper**—New York is the center of operations in commercial paper, finance paper, and banker's acceptances.

(5) **Corporate trust, agency, and registrar operations**—A substantial portion of corporate dividends, interest payments, and bond retirements is made in New York.

(6) **Financial operations of business corporations**—Many corporations have financial headquarters in New York and most large corporations have bank accounts in New York; in recent years corporations

Bank Debits and Rate of Turnover of Deposits

14 Member Banks of the New York Clearing House Association

February 1959

Type of account	Debits (millions)	Average balances (millions)	Rate of turnover	
			Monthly	Yearly
Dealers in U. S. Government obligations	\$18,773	\$ 20	938.7	11,264.4
Investment bankers and brokers.....	9,272	372	24.9	298.8
Subtotal	\$28,045	\$ 392	71.5	858.0
All other*	45,949	17,164	2.7	32.4
TOTAL	\$73,994	\$17,556	4.2	50.4

* Exclusive of interbank and United States Government deposit accounts.

Is 50 Times Yearly

WESLEY LINDOW

Account for a Large Portion of This Activity

have become a major factor in the money market.

(7) **Operations of agencies of foreign banks**—Accumulation of dollar balances in this country has enabled many foreign bank agencies to be active in the New York money market.

In particular, debits arising from transactions in short-term Treasury securities have increased sharply because the volume of bills, certificates, and notes outstanding is now approaching \$100-billion, as compared with less than \$50-billion 15 years ago. This great mass of paper is constantly being bought and sold—through Government bond dealers—as changes occur in the liquidity and portfolio positions of investors across the country. The New York banks provide a special mechanism for handling this high volume of activity for Government bond dealers. The mechanics are not widely understood, however, and will be briefly reviewed here to help clarify the figures on deposit turnover.

Unlike the commercial banks, which clear their checks through local clearing houses or the Federal Reserve banks, and the stock brokers who clear their trades through stock clearing corporations, the U. S. Government security dealers have no central clearing agency. Instead, the dealers use their banks in New York City as their clearing agents for the handling and transferring of securities, as well as for making and receiving payment. For example, one bank handles virtually all the clearing of short-term Government securities for nonbank dealers. Other banks handle the clearing of other types of Government obligations for one or more dealers.

One reason dealers do not have a clearing agency themselves is that, unlike the stock brokerage business, sales and purchases are not usually

consummated at the same time. Rather, dealers buy for their own account and sell from their own account. There is no transaction at a given moment between A and B; it is first between A and the dealer, and at some later time between the dealer and B.

Dealer-Bank Procedure

The clearing agent, i.e., the bank, holds the securities of the dealer in custody, pending receipt of delivery instructions by the dealer. In making a market for Government securities, a dealer transacts a large volume of trades, representing both purchases and sales, during a business day. When he sells a security, the dealer instructs his clearing agent to deliver that security to the purchaser in return for a check covering the amount of sale. The clearing agent credits this check to the dealer's account. Conversely, when the dealer buys a security, he instructs the clearing agent to present his check (usually a check drawn by the bank) to the messenger delivering the security purchased. The

amount of this check is debited to the dealer's account in the clearing bank. In other words, the clearing agent facilitates the dealer's operations throughout the day by receiving and paying money and also receiving and delivering securities in his behalf.

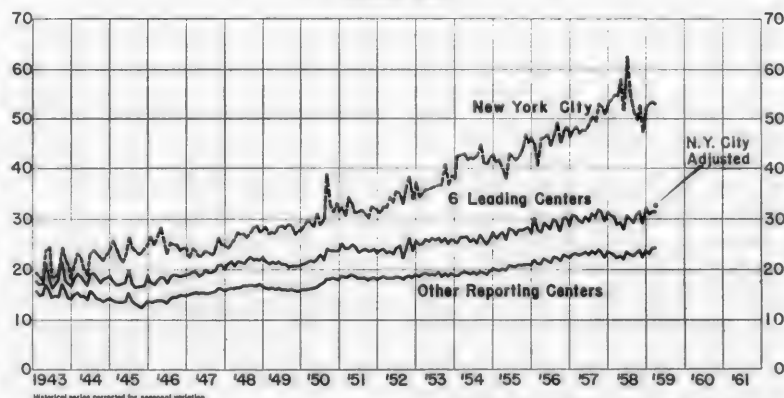
At the end of the day, there will usually be a deposit balance which is nominal in size relative to the tremendous volume of business done. It is not unusual for the volume of debits to run in the hundreds of millions of dollars, or many times a dealer's deposit. Because balances are small and provide little income to the banks, these clearings are handled for a reasonable fee based on the volume of securities delivered. If a dealer finds that he has bought more securities than he has sold, he may need to borrow funds. This will add further to the volume of bank debits.

Underwriting activities, which have expanded greatly in recent years, have also been an important factor in the increase in turn-

(CONTINUED ON PAGE 120)

Turnover of Demand Deposits

Annual Rate



SOURCE: FEDERAL RESERVE BOARD

BEN H. WOOTEN, president of the First National Bank in Dallas, was one of nine successful American business and professional leaders who received the annual Horatio Alger Awards this year.

These awards are dedicated to the free enterprise system and the American tradition of equal opportunity which enables a youth to overcome his humble beginnings and achieve success in his chosen field.

Winners are chosen by ballot annually among 3,000 campus leaders at 500 schools and colleges throughout the country, under the American Schools & Colleges Association, 30 Rockefeller Plaza, New York, educational consultants to parents and students. The association introduced the annual Horatio Alger Awards in 1947 to inspire American youth to individual initiative by showing living proof of its fruits.

The award is a bronze plaque. In addition to Ben Wooten, the others to receive it this year were: James P. Mitchell, U. S. Secretary of Labor; Alfred C. Fuller, Fuller Brush Company; Dr. Eric Walker, president, Pennsylvania State University; Walter L. Jacobs, president, Hertz Corporation of Chicago; Alfred L. Hammell, chairman of the board, Railway Express Agency, New York; Albert J. Berdis, president, Weirton Steel Company; Charles F. Noyes, Charles F. Noyes Company; John F. Erns-
thausen, ex-president, Norwalk (Ohio) Truck Lines.

There is a tendency to describe these men as self-made, but each of this year's group, in accepting the award stressed something quite the opposite—that success comes only through working with others.

Another thought which appeared again and again in the award winners' responses was that opportunity still lives in America.

Some aspects of this occasion have such a timely and inspirational bearing on the subject of opportunity in banks today, that we want to give BANKING's readers the full statement that Ben Wooten made in his acceptance of the award.



Dr. Norman Vincent Peale (above, left, with Mr. Wooten) nationally known minister of the Marble Collegiate Church in New York City, is chairman of the committee and presented the awards before a distinguished gathering at the Waldorf-Astoria, New York City. Dr. Peale said to BANKING after the meeting: "This occasion should have a wider audience, including all young persons in the country."

OPPORTUNITY— *Coming Your Way in the U.S.A.*

My heart is filled with gratitude toward each member of the Awards Committee and every person in every college and university who had any part in the granting of the awards. Deep appreciation almost overwhelms me. When I think of my many deficiencies I am aware that, even though one may contain the timbers of success, they cannot be pared and shaped by the individual alone. Somewhere along the line, one is given impetus by an acquaintance, friend, or loved one just when he must have it. My wealth is not great insofar as material things are concerned, but I am rich in friendships and, of the two, I am

BEN H. WOOTEN

convinced that more genuine happiness comes from this type of wealth. There is a poem I like very much:

*It is always a joy in life to find
At every turn of the road,
A strong arm of the comrade kind,
To help me onward with my load.*

*Since I have no gold to give,
'Tis love must make amends;
It is my prayer that while I live,
God shall make me worthy of my friends.*

Comrades have always been at hand to help me onward with any

undertaking, and it is my prayer that I shall ever be worthy of them.

It has been said that the Highway of Success is filled with women pushing their men along, and this is certainly true in whatever success I have had, in that I have been blessed with a marvelous helpmate.

My father and mother were of strong faith and depth of character, with a firm belief in industry and in the duty of one to use his talents to the best advantage within the framework of the Golden Rule. They were poor in this world's goods, but rich in a philosophy of life that carried them through hardships without

(CONTINUED ON PAGE 112)

Keeping Pension Plans On the Up and Up

ALLEN L. MAYERSON

THE growth of pension and welfare plans during the past 15 years has been phenomenal. Although no accurate figures are available, it is estimated that there are about 500,000 such plans, of which 30,000 cover more than 100 persons. Sparked by wartime excess profits taxes and continued high postwar tax rates, as well as by union demands for more security, the last decade has seen an attempt to provide for hourly workers fringe benefits similar to those which employers used to give only to salaried employees. The increased level of social security benefits, now well above the bare subsistence level originally contemplated, has made the goal of an adequate pension for all a practical possibility. While the Inland Steel decision in 1949 gave unions the right to bargain collectively over pension and welfare plans, the Taft-Hartley Act legalized the establishment of joint employer-employee administered pension and welfare plans.

Abuses Have Developed

There has been time in the 12 years since the Taft-Hartley Act for abuses to develop, especially since the jointly administered plans established by that act were not supervised by any governmental authority. While banks and insurance companies have always been

subject to close state control, and investment houses, security dealers, and certain other financial organizations are regulated by the Securities and Exchange Commission, the jointly administered pension and welfare plans have escaped much state or Federal regulation until now. However, they have not escaped at least some attention. The New York State insurance department began investigating abuses in the welfare plan field in 1954. In December 1954 it published a book entitled *Whose Welfare?*, and in 1955 it published a more detailed study entitled *Private Employee Benefit Plans—A Public Trust*. The Federal Government has also been interested in these problems, and during 1957 the Senate Committee on Labor and Public Welfare held a series of hearings on five proposed bills relating to the registration, reporting, and disclosure of employee welfare plans.

Welfare Plan Case Histories

While the Senate hearings unearthed various kinds of abuse, some of the clearest reasons why pension and welfare plans need to be regulated can be found in the case histories published in *Whose Welfare?* For example, Welfare Plan 1 had operating expenses totaling 21% of contributions for the period March 1, 1949, to March 31, 1952. Insurance benefits totaled only 28% of contri-

As pension and welfare plans have grown over the past 15 years, so has their abuse. Circumstances usually surrounding their administrative abuse, and pros and cons on laws designed to lessen its likelihood are discussed in this article. MR. MAYERSON wrote last month on the Keogh-Simpson Bill which is concerned with retirement plans for the self-employed.

butions during this period. Expenses included the purchase of a Cadillac automobile for the use of the union president, who also served as administrator of the welfare fund. The automobile was registered in his name individually and was not shown as an asset on the books of the fund. Although \$134,082 had been collected for benefits since the pension plan originated in 1949, no formal plan was adopted during the next five years, and the money accumulated in a checking account without interest.

"Welfare Plan 42 received contributions of \$347,512 for the 3-year period ending April 30, 1953. Insurance premiums were \$108,660, or 31% of contributions. Administrative expenses totaled \$127,373, or 37% of total contributions, thereby exceeding the amount used to purchase benefits for members. The high expenses were due principally to the excessive compensation paid to the fund's administrator, who was also the union president, and to the assistant administrator. Their total compensation was \$103,122, or 95% of all expenses of the plan. These two fund officers also received compensation from the union itself which equaled or exceeded that paid by the fund."

Ingenious Schemes

Welfare Plan 94 found some new and ingenious ways of milking the fund. "On January 30, 1951, this welfare fund contracted to purchase group insurance, pursuant to a decision of its board of trustees. A few days later, the president of the local union entered into an agreement with the insurance company whereby the union would receive refunds or pay additional premiums depending upon the loss experience. The employer trustees were never informed of this arrangement. Shortly thereafter, the president entered into a contract with his

brother-in-law under which the latter was to receive any refunds which might accrue to the union." The brother-in-law also received commissions on the insurance placed by the welfare fund. The employer-trustees of the fund were not aware that the brother-in-law of the union's president participated in the commissions paid on the welfare fund insurance, nor that he received refund checks because of the fund's good experience.

"Welfare Plan 39 provided 60% of its coverage through insurance carriers and the balance through self-administered hospital, medical, and optical services. The benefits absorbed only 46% of the contributions, whereas administration expenses accounted for 31% . . . Of the approximately \$40,000 in self-administered benefits paid to fund members, 32% went to 14 union officers, over half of it to the union manager alone." Among the payments received by the manager were \$1,800 for three trips to San Francisco and \$750 for a trip to Florida, allegedly to recuperate from various ailments.

While these abuses are, of course, exceptional and most pension and welfare funds are honestly and conscientiously managed, they do show what can happen when trustees of many millions of other people's money escape any governmental regulation. Certainly, the same logic that demands the supervision of banks and insurance companies also requires that there be some public control over pension and welfare plans. During the past four years both state and Federal governments have adopted legislation to accomplish this objective.

Federal Disclosure Act

Public law 85-836, effective January 1, 1959, is not an attempt by the Federal Government to regulate welfare plans, but only to force the disclosure of information relevant to the public. Once the facts are available, should members find their funds are being looted they must themselves take court action to stop abuses. The law covers both insured and uninsured pension and welfare plans, including profit-sharing plans which provide benefits at retirement. The administrator of any pension or welfare plan covering more than 25 employees must file with the Secretary of Labor a

description of the plan and an annual financial report. The description of any plan then in existence was supposed to be filed by April 1, 1959, while the annual report is due within four months after the end of each fiscal year.

A division of Welfare and Pension Reports, headed by Arthur W. Motley, was established within the Department of Labor to administer the act. However, the division has neither the authority nor the money to investigate the reports, and its responsibility is pretty well limited to receiving and filing the reports submitted to it. Only about 100,000 plan descriptions were received by the Labor Department before the April 1 deadline. This indicates either that earlier estimates of the number of pension and welfare plans in the U. S. have been gross exaggerations or, more likely, that many pension and welfare plans either do not know about the filing requirement or choose to ignore it.

In addition to filing the plan description and the annual financial report with the Secretary of Labor, the administrator of each pension and welfare plan is required to make copies available for examination by any participant in the plan or any covered beneficiary. A plan administrator refusing to make information available to a participant may be liable for \$50 a day until the information is supplied.

Defects in the Federal Disclosure Act

While the Federal Disclosure Act is a long step forward and for the first time requires pension plans to disclose to the members important details of their operations, the bill nevertheless has many defects. First, it requires disclosure for all groups with more than 25 members. Actually, a group with less than 100 is small enough so that the temptation for any wrongdoing would be slight. To require disclosure of groups with over 100 members only would probably mean that only 30,000 plans would be covered by the law, with considerable saving in time, money, and administration expense.

The law includes in its scope all types of plans, whether insured or uninsured, and whether based on a fixed level of benefits or a contribution of a fixed number of cents per hour. However, there seems to

be little reason why level of benefit plans need to be regulated. When benefits are fixed in advance, only the employer's cost can vary and plan members cannot lose if the fund is inefficiently handled. In such a case the employer will supervise the expenditures of the fund to ensure that his costs are not excessive.

It is the fixed cost type of plan, where the employer contributes a stipulated amount of money (usually expressed as so many cents per hour), that provides an opportunity and an incentive for abuse. A fixed amount of money is available to cover both expenses and benefits and there may be a temptation to use more of the money for expenses and less for benefits. Since the employer's costs are fixed, he has little incentive to concern himself with whether or not the plan contributions are being used for their intended purpose. It should be noted that it is the type of plan rather than who administers it that is important. Even though most fixed-level-of-benefit plans are employer-administered, while most fixed-cost plans are jointly administered by the employer and the union, this is not the distinguishing characteristic. It is the nature of the fixed-cost plan that provides the opportunity and incentive for misuse of funds and this is the factor that ought to be considered when deciding what plans need regulation.

Another defect is that the annual financial reporting required by the law need not be certified or verified as to accuracy. Although reports are supposed to include such information as the contributions received, benefits paid, assets, liabilities, receipts, and disbursements, there is no requirement that they be verified by an independent accountant nor that the liabilities be determined by an actuary. Furthermore, there is no regulation of the investments of any of these welfare or pension funds nor is the method of funding pension benefits subject to any scrutiny.

State Activity in Welfare and Pension Plans

In addition to the Federal legislation, six states have enacted laws relating to pension and funds since 1955. Washington was the first, in June 1955, followed by New York, Connecticut, California, Massachusetts (CONTINUED ON PAGE 110)

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*Credit may be the fuel on which
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As the country grows, the need for expanded correspondent facilities grows—particularly in the lending field.

Many of our correspondent banking friends sometimes find it advantageous to call on Chase Manhattan to participate in local loans.

By working with Chase Manhattan (first in loans to American industry) your bank, too, can supplement its legal limit, thereby broadening its usefulness to the community. Then there are periods when policy may dictate that you spread your loan portfolio.

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THE CHASE MANHATTAN BANK

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Chase Manhattan officers visit a manufacturing customer



Photo by Mottar

Less Red Tape in *Processing Personal Loans*

WILLIAM M. FEENEY

MR. FEENEY is assistant cashier, personal loan department, First National Bank, Mobile, Ala.

ADPTION of a loan processing system designed to fit our operating and reporting needs has enabled us to handle personal loans more rapidly and to eliminate errors that formerly were all-too-frequent. The results led us to extend the use of this system to the dealers instalment loan department.

Our former method of processing personal loans had been put into operation when volume was comparatively small. In recent years, however, the number of personal loans has increased rapidly. The old system proved inadequate for handling the heavier work load efficiently, and the steady rise in volume was forcing us to add clerks.



The ledger card is coded with hand punch, by notching information on border of card. Notches may indicate control number, collateral, type of loan, due-date, account number, and loan number



Five forms are processed in one operation. L. to r.: loan ledger card, index card and paid out register, loan register, jacket insert and paid out letter, passbook

Probably the benefits from our new system, Keysort, product of Royal McBee Corp., can be understood best in terms of the sequence of steps involved in processing an average personal loan under the former system. A comparison with current procedures will demonstrate graphically the increase in efficiency.

The former procedure called for seven forms, each of which had to be typed individually at different stages in the processing of a loan. Actually, there were eight typings since one of the forms, the customer's payment book, had to be inserted into the typewriter twice and the information recorded on both sides. The seven forms were: the aforementioned customer's payment book; ledger card; alphabetical index card; file jacket for loan papers; loan register; paid out register; and customer letter, which was sent out with the canceled note when the loan was fully paid.

One Typing Now

In addition to putting each record into the typewriter separately and entering all the necessary information, even more time was required to proofread each form so

that errors could be corrected. Even so, embarrassing and costly mistakes slipped through with disheartening frequency.

The eight separate typings have now been reduced to one. We redesigned all the forms, reduced the number to five, and increased the usefulness of each. These are:

The Five Forms

Original, or Customer's Payment Book, redesigned so that all data we want the customer to see is on one side of the record. This information includes his name and address, loan number, amount of loan, payment schedule, and due-date of first payment. The reverse side of the book has space for 24 separate payments. The face of this record explains why charges are made for late payments and concludes with a brief goodwill message from the bank. To obviate the need for typing name and address again, the passbook is inserted in a window envelope and mailed out to the customer.

Jacket Insert and Letter to Customer, a single piece of paper-work replacing two formerly used. The
(CONTINUED ON PAGE 108)

Sending Money Around the World



As a correspondent of The Northern Trust, you may now offer *your customers* a fast and safe means of making payments throughout the world, by using the extensive network of foreign banking relationships which are available to you here. Payments may be made in the form of drafts drawn on our foreign correspondents, or by mail and cable remittances. In addition, our Foreign Department provides import letters of credit, makes foreign collections, and obtains foreign trade and credit reports for your customers. We will also be pleased to supply travelers' letters of credit and foreign currency.



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Who has the latest word

ON HOW BANKS CAN BE OF GREATEST HELP TO U.S. AGRICULTURE?



Scene from the movie, "Banking on Farmers," an A.B.A. Public Relations film made in conjunction with the Agricultural Commission. It dramatizes ways in which bankers can provide on-the-spot service to people living in rural communities.



...thanks to the A.B.A.'s Agricultural Commission, which assists banks in maintaining their leadership as the nation's number one institutional lender to American agriculture. The Commission studies all phases of farm credit, and passes along this useful information to banks, college personnel, and all other interested groups.

Currently under way are studies of farm-trained men in banks, irrigation financing opportunities, and farming trends. Each of these is designed to help banks gear their lending policies to the changing needs of farmers and ranchers and the companies which serve them.

In view of the rapid increase in rural banking services, the Commission is emphasizing the employment of well trained agricultural men as lending officers in banks of all sizes. Such men can play a vital role in helping member banks build stronger farm business and stronger banks in rural areas.

Another important field of study lies in finding improved ways for smaller banks to cooperate with large banks and insurance companies in financing sizable farm loans.

Manuals now available from the Agricultural Commission include:

- Agricultural Credit and Related Data
- Contract Farming—Implications to Banking
- Farm Equipment Financing
- Intermediate-Term Bank Credit for Farmers
- Livestock Financing
- You and Your Bank—How Commercial Banks Help Farmers

As the Agricultural Commission develops new aids to banks, you will read about them first in **BANKING**.

Largest paid circulation of any publication in the banking field.

BANKING

Journal of the American Bankers Association

This is one of a series featuring the broad research activities of the American Bankers Association

1958 ANNUAL REPORT

STANDARD OIL COMPANY (INDIANA) AND SUBSIDIARIES

EFFICIENCY RISES; COSTS CUT

MANUFACTURING. Emphasis continues to be placed on quality improvement. We are well on the way to achieving our objective of reducing operating costs while continuing to improve the quality of our products. For example, scheduled for completion in May, 1959, is a 140,000-barrel-per-day crude distillation unit which will replace nine smaller, obsolete units at an important cost saving in operation. Our new petrochemical plant at Joliet, Illinois, was essentially completed in 1958.

MARKETING. The company achieved excellent results through reseller channels, particularly in the sales of premium gasolines. Sales through service stations and other retail outlets increased about 5%, exceeding the industry pattern. For the year, our total volume of product sales declined 2.5%, largely the result of lowered industrial demand for residual fuels and the dropping of marginal commercial accounts.

PRODUCTION. A number of promising fields were opened in this country and Canada by Pan American Petroleum Corporation. Among these were the Swan Hills area of Alberta, Canada. Net domestic production of crude oil and natural gas liquids declined 6.7% in 1958, due largely to restrictions on production by state agencies. Net natural gas production increased slightly—to 1.35 billion cubic feet daily. Our crude oil, natural gas liquids and natural gas reserve position showed continued growth.

INTERNATIONAL. Emphasis on foreign oil exploration and development was increased substantially with the formation of a new subsidiary, Pan American International Oil Company. International's overseas activities now encompass seven countries on four continents. A second new subsidiary—Amoco Trading Corporation—was formed in 1958 to handle international crude oil marketing activities.

RESEARCH was responsible for several important improvements during 1958. Our research scientists engaged in a wide range of petrochemical studies. We have developed a strong patent position in methods of producing thermoplastics and organic intermediates. We also have developed a new drilling technique, based on a modification of an air-driven quarry type drill.

NET WORTH AND FINANCING. Net worth at the end of 1958 stood at \$2,076,900,000—the highest in Company history. Book value per share increased to \$58.06 in 1958 from \$56.26 in 1957. During the year, the Company sold \$200 million principal amount of 4½% Debentures, due October 1, 1983. At year end total borrowings amounted to \$467.5 million, equal to 17% of total assets.

DIVIDENDS. In line with our policy of paying dividends equal to approximately one-half of our earnings, regular cash dividends were supplemented in the fourth quarter with a special dividend in Standard Oil Company (New Jersey) stock. Dividends paid, including the value of the Standard Oil Company (New Jersey) stock on date of distribution, amounted to \$1.687 per share. We have paid dividends for 65 consecutive years.

STANDARD OIL COMPANY

910 SOUTH MICHIGAN AVENUE, CHICAGO 80, ILLINOIS

Please send me a copy of the Standard Oil Company (Indiana) 1958 Annual Report.

NAME _____

STREET _____

CITY _____

STATE _____

THE STORY IN FIGURES

FINANCIAL:	1958	1957
Total income	\$1,882,441,000	2,029,689,000
Net earnings	\$ 117,775,000	151,509,000
Net earnings per average outstanding share	\$ 3.29	4.27
Dividends paid*	\$ 53,197,000	56,302,000
Dividends paid per share*	\$ 1.687	2.110
Earnings retained in the business	\$ 64,578,000	95,207,000
Capital expenditures	\$ 270,387,000	340,274,000
Total assets	\$2,769,317,000	2,535,023,000
Net worth	\$2,076,853,000	2,012,260,000
Book value per share	\$ 58.06	56.26
PRODUCTION:		
Crude oil and natural gas liquids, barrels per day, net	285,474	307,500
Natural gas, thousand cubic feet per day, net	1,347,590	1,298,158
Oil wells owned, net (year end) ..	10,872	10,722
Gas wells owned, net (year end) ..	2,193	2,085
MANUFACTURING:		
Crude oil and natural gas liquids, etc., processed, barrels per day ..	640,648	648,076
Crude running capacity, barrels per day (year end)	691,800	714,000
MARKETING:		
Refined products sold, barrels per day	645,745	662,676
Retail outlets served	29,032	29,874
Natural gas sold, thousand cubic feet per day	1,422,498	1,391,315
Crude oil sold, barrels per day ..	277,183	341,594
TRANSPORTATION:		
Pipelines built, miles	281	175
Pipelines owned, miles (year end) ..	17,568	17,366
Pipeline traffic, million barrel miles	152,796	156,451
Tanker and barge traffic, million barrel miles	93,710	86,125
PEOPLE:		
Stockholders (year end)	151,937	148,375
Employees (year end)	46,033	49,678
Wages and benefits	\$ 352,469,000	370,128,000

*"Dividends paid" include the value on this Company's books of the Standard Oil Company (New Jersey) stock distributed as a dividend. "Dividends paid per share" include the market value of the Jersey stock on date of distribution.



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

JUNE 1959

IDEAS AT WORK

"If You Were Running Our Bank"

A "Customer Suggestion Corner" is now in business at the Merchandise National Bank, Chicago.

Equipped with telephone-recorder and pamphlets, it gives the public a chance to make suggestions on a record or leave them in writing. The corner is at the south end of the bank's lobby in the Merchandise Mart, and away from the main traffic area so that it doesn't interfere with teller lines.

Large signs on a lobby pillar and a poster in a display window call attention to the new service. Written and recorded messages are forwarded to the bank's top management at the end of each business day.

The give-away pamphlet is "If You Were Running Our Bank . . .," distributed by the Advertising Department of the American Bankers Association.

Miss Secretary Meets Miss Secretary

THE East River Savings Bank, New York City, has a pleasant channel of two-way communication between the secretaries of its administrative officers and the trustees' secretaries.

On the theory that because the two groups are in close touch by telephone and letter, it's a good idea to bring them together socially, the bank sponsors an annual luncheon for them. It is preceded by an informal meeting in the board room. Each woman sits in her boss's chair. This year, for a change of pace, the secretaries met in a downtown club.



Martin C. Evenhouse, Merchandise cashier, tells Barbara Pawlak how the Suggestion Corner operates

The bank's executive officers assist in receiving, but leave after the official greetings. The party is just for the girls.

Forum Tuition Refunded for Good Attendance

THE "Money Management Course" for business women, offered this spring by the National Boulevard Bank of Chicago, carried a "tuition" or enrolment fee of \$10. But the full amount was refunded if four of the five weekly sessions were attended, and any forfeited fees were donated to the Community Fund.

The course, first presented in 1958,

The "Ideas" Section of *BANKING'S Business Building Bulletin* is by JOHN L. COOLEY.

was repeated in recent weeks, with talks on budgeting, insurance, real estate, stocks and bonds, and investment plans, given by experts in the various categories. O. Paul Decker, president of the bank, talked on the last named subject.

We're told by Vice-president Robert A. Bachle: "The ladies' interest in financial subjects seems unquenchable and our speakers tell me that the question periods following the lectures contain some of the most intelligent discussions they have ever heard."

Enrolment was limited to 50 women. The meetings were held in the employees' room at the bank.

Bank Shares Help Class Study Banking

TWO shares of stock in the Firelands Community Bank of Berlin Heights, Ohio, sharpened local high school students' interest in banking.

The stock, given to the commercial class in trust by Director F. H. Hinman, provided a chance to explain banking to the young people. They attended the annual meeting, voted their stock, and were warmly welcomed by the officers and other shareholders. Their numerous questions about banking were carefully answered. Also, the students toured the Firelands Community.

Mr. Hinman presented the stock after he and Vice-president Lee J. Schwab learned that the class planned to purchase a share as a means of dramatizing its studies and wanted also to attend a stockholders' meeting.

The story was extensively covered by area newspapers.

Building Trust Business

SEVERAL tools for developing trust business were described at the A.B.A. Southern Trust Conference by Noel L. Mills, vice-president, Deposit Guaranty Bank and Trust Company, Jackson, Miss.

The bank developed its own direct mail prospect list, revises it, and distributes the monthly pamphlets to present as well as potential customers. It has held forums for accountants, attorneys, and life underwriters.

Commercial officers are encouraged to solicit trust business. Prospects thus uncovered are referred to trust officers. This program has been effective.

Attorneys are a primary source of business. Trustmen call on them personally, each officer being responsible for so many visits a month. Also, the bank gave each lawyer a forms manual of suggested wills and trusts. It's a popular booklet. Accounts and life underwriters are other professional men with whom close contacts are maintained.

Rate Chart Sells Loans

THE National Deposit Bank of Arnold, Pa., reports good results from use of a rate chart in its mortgage loan ads.

"We increased our loans over \$500,000 last year and expect to do the same this year," says President W. R. Gott. "We give a large part of the credit to the printing of the chart."

The table gives the monthly payment, including interest, on 20, 15, 10 and 5-year mortgages in amounts

from \$1,000 to \$10,000. The bank has found, Mr. Gott tells us, that "people are not so much interested in the rate they are paying as in the amount of the payment per month."

Green Thumb Bank

WHEN shareholders of the Fidelity-Philadelphia Trust Company opened their recent dividend check envelopes they found a special message from President Howard C. Petersen. Printed in green ink and headed "Fidelity's Green Thumb," it recounted the bank's efforts to beautify with flowering trees the "unrelieved corridor of stone, asphalt and concrete," Philadelphia's Broad Street.

Advertising—the Hidden Asset

From a talk by William S. Renchard, executive vice-president, Chemical Corn Exchange Bank, New York, and chairman of its advertising committee, to the American Association of Advertising Agencies.

BANKERS in their appraisal of credits have been giving weight to the effectiveness of the company's sales, marketing, and advertising programs in an *indirect* or *unconscious* way under the broader heading of capacity of management. The job, as I see it, is to make the banker or other lender or investor *directly* or *consciously* aware of the value of this important corporate asset. . . .

I believe there is an opportunity for broader application of your [the admen's] talents in bringing your story to the attention of bankers and other financial people as well as to all areas of the managements of your client firms. By this I mean that you should try to reach not only the sales, marketing, and advertising executives, but also key people in other areas of management, including particularly the financial officers who are the ones who present the company's case to their bankers, and who should have an increasing awareness of the value of this important hidden asset in the balance sheet.

In many cases I believe your message could be directed effectively even to the board of directors, which is frequently composed of men of stature from all phases of business and professional life.

Two years ago F-PT decided to plant a row of trees "to add a touch of country green to our city street," Mr. Petersen said. American hollies, dogwoods, flowering crabapples and double flowering cherries, have been tried, with varying success, for "growing conditions are not auspicious," what with auto exhausts and blustery winds. "Even with weekly care and feeding," observed the president, "the trees have come out only fairly well in this contest."

But the bank will keep trying: "Gardeners are a patient lot."

Also, "Our green thumb, even though only moderately green, has become the talk of the neighborhood."

Promotions for Junior Savings

THE Bank of Madison, in Madison, Wis., is reaching young savers with a program that includes a Roy Rogers television show, free movies, premiums, and a club for the youngsters.

The TV program is on Sunday afternoons. The bank also gives tickets for a special Saturday western movie to children who have deposited some savings during the week.

To encourage thrift, each young saver gets one of five prizes when his account reaches a multiple of



Morris R. Brownell, chairman of the Foundation for Commercial Banks, reports to a group of bankers at the A.B.A. Executive Council Spring Meeting on the national advertising campaign which the Foundation is directing

How to Build Business on a \$10,000 Ad Budget

IN the words of Advertising Manager Frank Flesher, The Littleton (Colo.) National Bank yesterday was "a country bank in a country town, an hour and a half by horse and buggy from Denver." Today it's "Suburbia, 20 minutes from the middle of the city, and fighting to stay that way for tomorrow!"

Running a PR-advertising program on an annual budget of about \$10,000 is something of a problem, and Mr. Flesher tells us how he handles it.

"Externally," he writes, "we dropped all forms of programs, magazines, directories, year books, cook books, etc., except local—and I do mean local—distribution. Football programs and junior class plays will have to get along without us.

"We intensified our chamber of commerce work; all officers are members and work on committees. (I happen to be president this year.) We deliberately split the service club memberships to cover the field. All of us were already actively engaged in various churches.

Matches as Reminders

"We picked matches for our reminder advertising. There is never a meeting or a dinner in the area without our four packed-in-cellophane match books at each plate.

"We grabbed the school savings club program, and in one year have become the best school savings club bank, percentage-wise, in Christmas Club Corporation's 5-state western territory. It costs us money, but we have the school district's bank account, 90% of the teacher loans, 95% of the teacher checking and saving accounts, almost all the teacher mortgage business when they buy their homes."

Bank Staff Kept up to Date on Ads

AT The Bank of Virginia, Richmond, the staff of 600 people and the directors receive reprints

The Littleton National advertises in the home town semiweekly—and writes its own copy: solid type headlined "Money! Money! Money! Money!"

"Offhand," Mr. Flesher observes, "one would think that would be a waste of space and money. Instead, it is read avidly, and we can prove it! We write about savings accounts and little plastic savings banks and people completely swamp us, and we run out of plastic banks in a week. We write about safety deposit boxes, rent 78 in a few days, and have to order two more tiers for our vault. We write about wearing western clothes every Friday, and there's a line of people at the door on Friday morning to come in and see us. See why I'm thankful?

"The board, bless 'em, have allowed me to kid banking and bankers, joke about serious things like money, debts, loans, borrowers, mortgages. It has paid off. Two bank advertising services are now negotiating with us to syndicate our ads. Of course, we're elated."

Lobby Displays, Too

The bank has departmentalized its give-aways: coin banks for savings; envelopes for safe deposit box renters; auto registration holders for car loans; etc. There are lobby displays of merchants' goods, too, each tied to a bank sales message. A plumber who installed a complete kitchen sold several remodeling jobs, two of which the bank financed. A stationer's exhibit of old typewriters attracted so much attention that the school system ran a bus to the bank so the typing classes could see the machines. The telephone company's display included a free phone—and everybody seemed to like that.

"All of this," reports Mr. Flesher, "has resulted in sustained growth."

of all advertisements. With each batch goes a memo reading something like this:

"These reprints are provided so that all bank people may know what is being advertised. That information keeps you from being 'on the spot' if an outsider comments about some bank program that is all news to you.

"Course we don't fool ourselves into thinking everybody reads every ad reprint. We can hope . . . and giving you a chance to know what's going on is still more than worth the effort."

The note is signed by the adver-

MONEY! MONEY! MONEY! MONEY!

How to Make It, Save It, Spend It

A weekly column about money and the many financial services available at Your Littleton National Bank.

• •

SUBJECT: SAFETY DEPOSIT BOXES

Nice, fresh money, is only one of the many financial services your Littleton National Bank has to offer. We admit it is one of the most popular.

Be that as it may, this place is to call your attention to something you may have been neglecting to consummate (a Saylible word meaning "lick into submission.")

Do you have a safe deposit box? If not, why not?

Everybody has some kind of important papers—insurance, contracts, abstracts, old boat-up marriage licenses, army discharge (hurray!), a packet of letters, canceled notes or mortgages (who null?), the poem you wrote to your wife that she always threatens to read to guests, old gold teeth, the baby's first shoe.

What do YOU do with priceless junk like that? You can't carry it around; you shouldn't stuff it in the top bureau drawer where moth and rust (with corrupt) and then there's always burglars.

Why not rent a safety deposit box at your Littleton National Bank, and dump it all in there? It's worth hanging onto, for sentiment's sake keep it in a safe place—not at all—*for* \$4 a year—plus Federal tax.

Only 89 safety deposit boxes left at your Littleton National Bank. Ask Ruby Julian or Ruth Sharp about them. Ruby and Ruth are in the right of the front door as you wander in.

"Business is good." (Advertisement)

This is the Littleton National Bank ad that sold the boxes



Lobby exhibit of old typewriters at the bank

\$10. When it totals \$50, he will have received all the rewards.

Employees wear western costumes on Monday afternoon and evening. There's a special window for the youngsters and the premiums are on display. Also, a local TV personality, "Foreman John," is on hand to welcome the children to the bank's junior savers club.

AT The Bank of Virginia, Richmond, the staff of 600 people and the directors receive reprints

tising and public relations department.

Staff Paper's Stories Tell of Bank Services

THE staff newspaper is a good medium for merchandising hints, and a number of banks use it just that way.

For example, a recent issue of the *Chase Manhattan News*, in New York, had a timely story on that bank's services for travelers: checks and letters of credit, foreign currency, and short-term rentals of safe deposit facilities. Each was explained carefully.



To celebrate World Trade Week, Industrial National Bank of Providence, R. I., featured in a window "a few of the many products imported by Rhode Island industry." It also reminded lookers that "Industrial's foreign banking department helps balance foreign trade"



A money tree was the main attraction at this New Castle, Pa., bank's home show booth. Give-away items included a folding yardstick and packages of candy. The United States Secret Service exhibit of counterfeit money helped draw crowds, too

The same issue also published the results of a survey on the importance of bank loans—specifically, the purposes for which Chase Manhattan Bank grants instalment credit to individuals. The *News* picked one branch at random and got the stories behind all such loans it had made in recent months. It made an interesting, revealing item.

Bank Survey Pinpoints Business Problems

THE Citizens & Southern National Bank, Atlanta, is conducting periodic surveys among 80 Georgia business leaders to develop ideas on the solution of problems ranging from industrial development to education and capital spending.

President Mills B. Lane says the survey is the result of a feeling that "a need exists for a regular non-partisan, nonpolitical poll of Georgia businessmen." No effort is being

made to draw conclusions or recommend action; only the opinions are reported. A research company is handling the project.

In the first survey, for example, a majority of those interviewed said a favorable labor situation had contributed most to Georgia's development. Asked "What is Georgia's greatest need in attracting new industry?" 38% of the leaders said "More advertising and promotion" and 26% mentioned "More equitable tax structure." Next came "A solution to the school question," mentioned by 23%.

To the question "What do you think is Georgia's greatest need in developing business from within the state?" 26% of the leaders said "Financing." Better use of natural resources and raw materials got the second largest number of mentions.

Through the survey the bank hopes to make a contribution to the solution of business problems.

Bank Visitors Stare at the Biggest Bear

IT was labeled "Largest Polar Bear Ever Mounted," and it stood for six weeks in the lobby of The First National Bank of Allentown, Pa., where big folks and little folks oh'd and ah'd at the 11 feet of white fur.

Also described as the heaviest polar bear ever mounted (estimated live weight 2,000 pounds), the animal was loaned to the bank by Customer Phil Neuweiler who shot it in the Arctic Ocean in March 1958, some 60 miles off Alaska.

The bank made the most of the unusual showpiece. Newspaper ads and stories brought thousands of visitors, including art school students who used the bear as a model. Camera fans had a good time, too, and its picture appeared on the cover of the staff magazine.

All in all, says the First, it was quite a promotion.

"Retail Department" Markets Consumer Services

THE First Pennsylvania Banking and Trust Company of Philadelphia announces formation of a Retail Banking Department to "coordinate the marketing and promotion" of banking services available to individuals.

"This department is being established," said President William F. Kelly, "so that we can place more emphasis on merchandising those services particularly suited to the individual consumer—checking accounts, savings account, home mortgage loans, auto and appliance loans, etc. Thus we will be giving the specialized attention to our individual customers that our business customers have received over the years."

John Reilly, senior vice-president in charge of First Pennsylvania's Time Sales operation, heads the new department. He notes that it will broaden the bank's concept of "1-stop banking for the greater convenience of all its customers."

The bear in the bank



"Whatever your Gift Problem... we can help SOLVE it... with a low-cost bank loan"

If the question of money is involved in your gift problem, we can help you solve that part of it! Regardless of the kind or cost of the gift you have in mind, we'll arrange a low-cost loan for the cash you need to buy it. Repayment terms will be such that you can readily meet them out of income, without stress or strain on your budget. It's all so easy and simple! Our service is prompt, friendly.

Our banking facilities are as modern as the principles applied in need.

Complete your own request card today. Send it to us.

Come in and talk it over at

BANK NAME

One of the "Gifttime" newspaper ads promoting bank loans

"Steelmark" Promotes Bank Loans in Press Service

BANK loans to finance gifts for weddings, bridal showers, parents' "days," and graduations are promoted in a U. S. Steelmark "Gifttime" newspaper service sent to all daily newspapers and 2,500 weeklies.

The service, similar to U. S. Steel's "Operation Snowflake" which promotes major appliances as Christmas gifts, consists of several pages of ads, stories, and pictures for newspaper use. It helps build special sections or individual pages for spring and early summer gift occasions, including Mother's and Father's Days. Credit is the theme of two 3-column ads suggested for bank sponsorship. One is headlined, "Whatever your gift problem, we can help solve it with a low-cost bank loan." The other offers financing for home improvements.

The Bureau of Advertising of the American Newspaper Publishers Association, which cooperated in producing "Gifttime," estimates that mother-father-bride-graduate gift potential is more than \$1.6-billion in sales for retail stores.

Corporate Trust Business Opportunities

THE growing volume of corporate trust business and the spread of stock ownership have increased corporations' needs for trust services

outside New York, said O. E. Boulet, vice-president and trust officer, National Bank of Commerce, Houston, at the A.B.A. Second Southern Trust Conference. Many widely held stock issues are transferable interchangeably by several transfer agents in other cities than New York, thus providing opportunities for business.

An advantage of corporate business over executorships and trustee-ships under a will is that the former immediately becomes an active account, producing a fee, Mr. Boulet

pointed out. Also, almost invariably it develops collateral business for the bank.

Private placement of bonds for financing area office buildings or corporate expansion often is in the form of fully registered bonds secured by an indenture naming a local bank as trustee. "Much of this type of business," the speaker said, "is available for the bank that lets the insurance companies and the investment bankers know that it is capable of acting."

Georgia Bank's Small Business Management Institute Is Popular Community Service

THERE'S high praise in Georgia for the Small Business Management Institute sponsored by the First National Bank of Waycross. Two of these "Waycross Plan" programs have been held—one in 1958, the other last winter—and the bank will carry on with this community service project which President George H. Bazemore originated.

The institute is a clinic-type course designed to help small business plan and administer its affairs more efficiently. The 1959 curriculum, selected mostly from subjects suggested by business people of the community, included economics for small business, merchandising, income taxes, gift and estate taxes, credit records, and insurance. This year the Waycross Vocational School cooperated, and at the close of the institute the State Department of Vocational Education awarded certificates to 87 men and women who had attended at least six of the seven sessions.

Those attending included lawyers, doctors, salesmen, clerks, secretaries, school teachers, librarians, public officials—and, of course, business people. One man said the institute was "the best thing ever presented in Waycross." The Associated Industries of Georgia

has indicated that it is considering the plan for a statewide program.

Sessions were held on the main floor of the bank from 7:30 to 9:30 P.M., with coffee breaks at which the First's staff served light refreshments. Question and answer periods followed each meeting, and a banquet concluded the series. As a follow-up the bank sent congratulatory letters to those receiving the certificates.

Speakers at the clinic sessions were J. W. Fanning, agricultural economist of the University of Georgia, "The Economic Outlook for Small Business"; Ivan Allen, Jr., Atlanta businessman, "Planning for Effective Merchandising"; William H. Neal, senior vice-president, Wachovia Bank and Trust Company, Winston-Salem, N. C., public relations; John W. Carter and Carl W. Anderson, Atlanta Bureau of Internal Revenue, "The Effect of Estate and Gift Taxes on Small Businessmen"; Julian M. Heath, Jr., and Jim Hyde, Albany internal revenue men, income taxes; William R. Bowdoin, state purchasing agent, "Maintaining Proper Records for Credit Purposes"; George Mayo, Savannah, "Insurance Problems of Small Business."

Attendance averaged 90 persons.

William H. Neal of the Wachovia addresses Waycross institute



Alabama Bankers Are



Typical of the many planning sessions was this meeting of James E. Vance, vice-president, First National Bank of Birmingham; Howard Morris, executive secretary of the Alabama Bankers Association; Robert Cleckler, president, First National Bank of Childersburg; J. Morgan Smith, public relations counsel and producer of the series; and A. D. Smith, assistant cashier, Birmingham Trust National Bank

TV host's role played by Curtis Kendall, senior vice-president, American National Bank & Trust Co., Mobile



Arriving hours before the show goes on, the host first reviews the film that will be part of the scheduled program



Next the host goes over the script with the moderator, Don Kirkpatrick, and reviews all the questions and the answers

“on
the
air”

Ever wonder what goes into an educational TV series? In the March issue (page 73) **BANKING** reported the 13-week series sponsored by the Alabama Bankers Association. Now we look behind the scenes to see what made it click.

It took a lot more than crossed fingers to make the 13 half-hour shows, “Your Bank in Action,” so successful. Studio Manager E. E. Sechriest of the Alabama Educational Television Network emphasized this when he said, “The series was well-planned and executed with skill and intelligence.” Here’s what lay behind those words.

The idea for the series sprang originally from the minds of Howard Morris, executive secretary of the Alabama Bankers Association, and members of the public relations committee. The next step was to appoint a subcommittee to work with television representatives in the area and develop a suitable series of programs.

Named to this subcommittee were James E. Vance, vice-president of The First National Bank of Birmingham; A. D. Smith, assistant cashier of the Birmingham Trust National Bank; and William W. Cox, vice-president of the Exchange-Security Bank in Birmingham.

It was decided to follow a format for each program that combined a film presentation with a live presentation. This enabled them to take ready-made material and tie it in closely with local situations and personalities.

A wide variety of films was avail-

able from A.B.A., the Federal Reserve System, business concerns, and other sources. Then came the job of screening these to select the ones that best illustrated the subjects to be covered. The films finally selected varied in length from 28 minutes to 8 minutes.

To gain the greatest advantage from the films and still follow the desired format, it was decided that the filmed portion of a program should never exceed 22 minutes or be less than 7 minutes. This meant that the films had to be edited and scripts prepared.

Fairly early in the game it was realized that professional help was a must. To assist in the editing and directing of the series, Frank Martin of the Birmingham studio was named director. To produce the series and coordinate all the activities, they retained J. Morgan Smith and Associates, public relations counselors.

Bankers Take a Part

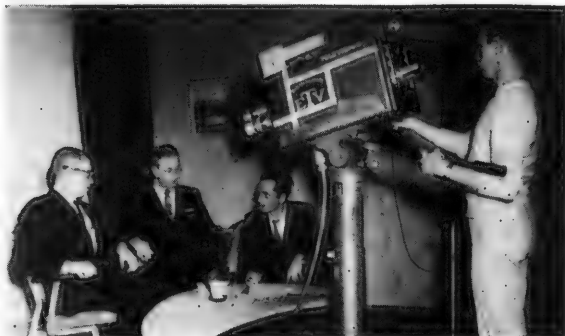
A different banker for each program was selected to handle the live portion and act as host. These hosts came from various sections of the state and represented both large and small banks. Paired with the host on each program was a professional announcer, Don Kirkpatrick, who served as moderator for the series.

Publicity was important to attract viewers to the series. Before the first show went on the air, releases were sent to all daily newspapers in the state and to weekly papers in towns where any of the participating banker-hosts might be known. Letters also went to all banks in the state and to school representatives.

This advance publicity was then followed up by releases to the large metropolitan dailies and the home town papers of the participating banker-host the day before each of the weekly programs. Many of the banks helped to spread the word by inserting "drop ins" in their regular advertisements.

While publicity helped to bring attention to the series, it was the quality of the programs that spelled success. "It was so well-received when presented during the first three months of this year," said Association President Fred A. Bloodworth, executive vice-president of The American National Bank of Gadsden, "that it's virtually certain to be followed by another similar series in the fall."

3



Then director Frank Martin works with host and moderator on the set to show how to get the best audio-visual effect

4



The dress rehearsal gives everyone a last chance to review his part and eliminate any problems that might still exist

5



As the final seconds tick off, the director signals in the control room where he keeps a constant watch over the show

6



They're "on," and the monitor shows them how they appear to viewers while discussing various phases of bank operations

ADS and AIDS that sell SERVICES

The Latest A.B.A. Advertising Aids

in the continuous flow of new material prepared each month

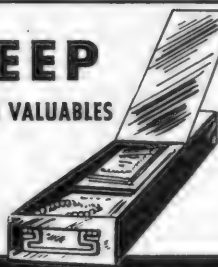
Direct-mail folder on auto loans, shown at right, outlines for the prospective car-buyer the cash savings, time savings, and future savings that can be enjoyed by financing through your bank. Actual colors of folder are red and green.



A sample of this striking and persuasive folder, a list of quantity prices, and an appropriate order form will be sent promptly, upon request to the A.B.A. Advertising Department. Please give identifying folder title, as it appears in the illustration above.

(Note: The ads described here are also available in Series 12-AS—2 column x 6 1/4" size.)

KEEP
YOUR VALUABLES



IN A SAFE DEPOSIT BOX
RENT ONE WITH US NOW!

SAVE

For
your
trip



**START A SAVINGS ACCOUNT
WITH US NOW**

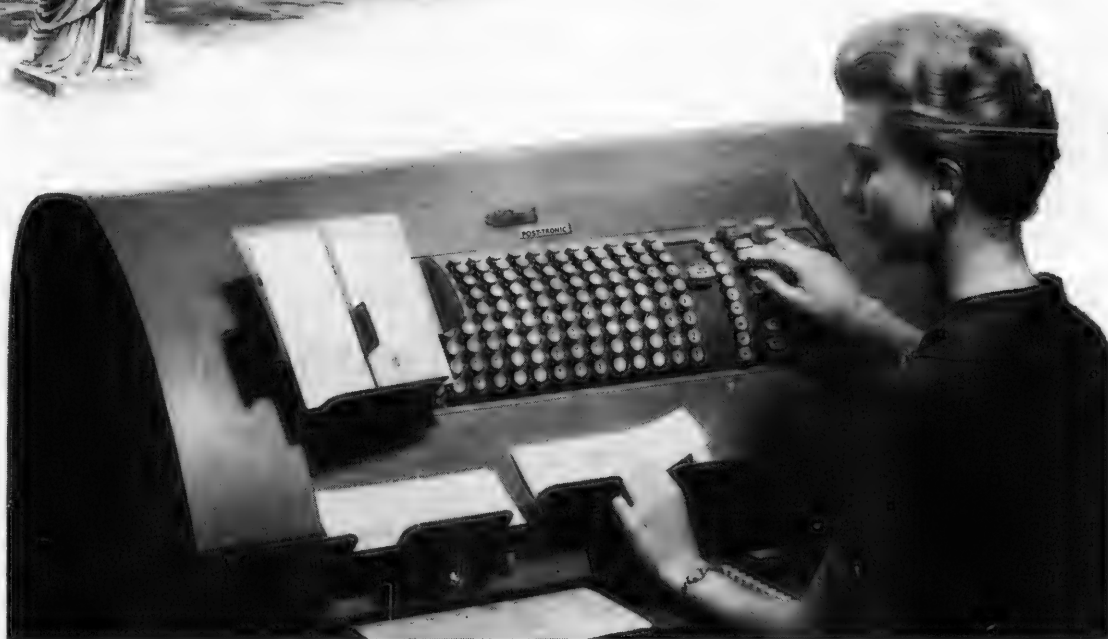
Shown at left, in actual size, are 2 of a series of 12 "spot" newspaper ad mats on general banking services. These ads (each 1 column x 3") are boldly designed to arrest the eye; and can be used effectively by themselves . . . or to supplement a program of larger space advertising; as a change of pace; in special sections of the paper. Subjects covered are savings; checking; safe deposit; auto, home repair, personal, mortgage, boat loans; night depository. Send for proof sheet on Series 11-AS, and order form.

For samples of other currently available direct mail pieces and/or for descriptive broadsides on other newspaper ad series on banking and trust subjects—plus full details and order forms—simply write to the Advertising Dept., American Bankers Association 12 East 36 St., New York 16, N. Y., specifying media and subjects in which you are interested.



THE NEW YORK TRUST COMPANY

"70 years of service to business and industry"



**"National POST-TRONIC machines save us 60% annually
on our investment."**

—THE NEW YORK TRUST COMPANY, New York

"We installed National POST-TRONIC* machines in August 1957. After more than a year's use, we estimate the savings they have effected total about 60% annually on the investment.

"These savings are made up of several factors among which are: 50% saving in posting time; elimination of overtime; 46% saving in valuable floor space; 43% saving in filing, etc.; 50% saving in training time due to the machines' simplicity and electronic fea-

tures; and reduction in employee turnover.

"In addition to these direct savings, there are other benefits which we feel have considerable value, namely: neater statements, a higher degree of accuracy, and more prompt mailing of statements. These are factors which are important in our customer relationships."

H. Galdich President
The New York Trust Company

The miracle of electronics provides the lowest posting costs ever known. This means more efficient over-all operation of any bank, regardless of size. Your local National representative will be glad to show how much the POST-TRONIC can save your bank.



*TRADE MARK REG. U. S. PAT. OFF.

National*
ACCOUNTING MACHINES
ADDING MACHINES CASH REGISTERS
NCR PAPER (NO CARBON REQUIRED)

*Trade Mark

THE NATIONAL CASH REGISTER COMPANY DAYTON 9, OHIO
1,039 OFFICES IN 121 COUNTRIES... 75 YEARS OF HELPING BUSINESS SAVE MONEY



Farm Managers Zulian, Kimmel, and Jackson meet regularly to discuss policy matters pertaining to Central National's farm management program and operating procedures

How Our Farm Management Department Operates

JAMES M. JACKSON

WE have been successful in developing a rounded farm management department at The Central National Bank and Trust Company of Peoria in the past few years. The department was started in 1949 and I became affiliated with it in August 1953. At that time, there were 6,000 acres of land under management, 3,800 of which were in trust, and 2,200 acres in agency accounts. Since then, the department has expanded to over 23,000 acres of Central Illinois land under management, plus several farms handled on a consultation basis. We now have three managers and three office workers.

Our fee schedule is as follows: livestock share leases—10% of the owner's income, first deducting from gross income the cost of livestock and feed purchased; on a grain share lease, our fee is \$1 per acre, plus 4% of the owner's share of gross income. This gives us an average fee of 8½% of the owner's share of gross income. Management of agency accounts is limited to a radius of 100 miles of Peoria.

Introducing Central's Farm Managers

The three farm managers chosen by The Central National Bank and Trust Company of Peoria, Ill., are college men and each owns and manages his own farm. Besides Assistant Vice-president Jackson, who attended Northwest Missouri State Teachers College and Iowa State College, the other managers are Robert N. Zulian, a graduate of the University of Missouri, and Wilmer D. Kimmel, a graduate of Kansas State College of Agriculture. The Central National's farm management department is one of the largest in the Middle West.

Farming is big business requiring the services of trained managers. The 23,000 acres of land we now manage are valued at over \$6,000,000. In 1958 we were able to net slightly over 5% on market value of all farms managed by the farm management department for one year or longer.

Developing New Business

New business is developed by contacts with country bankers, attorneys, grain elevator operators, and others with whom we deal, and for some time we have sent monthly the *Farm Digest* to all absentee

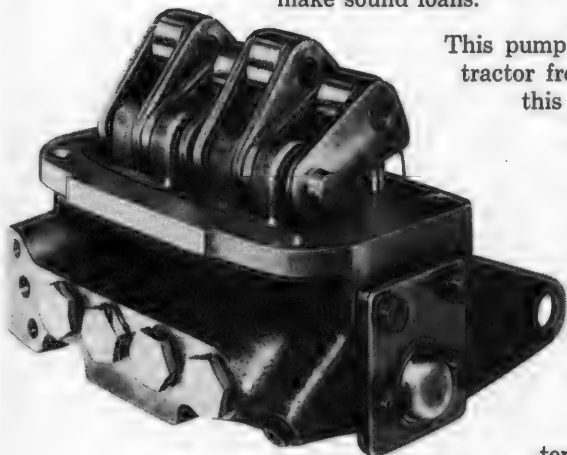
land owners and others who own land within 100 miles of Peoria who might be interested in management. We have had the privilege of including our own personal message on the back page of the *Digest* when there was a need. At the year-end, however, we switched to the *Farm Picture*, published in Illinois, because we feel that the material is more pertinent to the Central Illinois area. Here, also, we have the privilege of using the back page for our own personal message.

Among our sales promotional material is a dossier of our services
(CONTINUED ON PAGE 78)



There's a yield difference in tractor investments, too

What makes earning power in tractors? Design features enable some tractors to return better yields by doing more field work at less cost, and better yields make sound loans.



This pump is a good example of engineering that separates this tractor from the usual. Found only in Allis-Chalmers tractors, this pump is the heart of the TRACTION BOOSTER system.

When traction is needed, it provides up to $\frac{3}{4}$ ton of added weight... automatically and hydraulically...

...but only when needed for heavy pulling jobs. For light work where excess weight is not necessary, Allis-Chalmers tractor owners have a big advantage. Ordinary tractors carry lots of built-in weight because they need it for traction on heavy work... but they have no provision to eliminate excessive weight not needed on light jobs.

What does TRACTION BOOSTER system mean in terms of earning power? It means fuel savings... up to 25 percent... as much as 20 percent more work power. It means less tire wear, less maintenance, lower operating cost... and a more favorable purchase price.

Engineering in Allis-Chalmers tractors adds up to more earning power... more value that translates into better loan security when bankers finance the purchase of a new Allis-Chalmers tractor.

LISTEN!

National Farm and Home Hour
— Saturdays — NBC

ALLIS-CHALMERS, FARM EQUIPMENT DIVISION, MILWAUKEE 1, WISCONSIN

ALLIS-CHALMERS



TRACTION BOOSTER is an Allis-Chalmers trademark.

NOW 51st IN THE NATION



The ONE BANK
SERVING
ALL ARIZONA

57 OFFICES

Resources Over \$½ Billion

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

For your
banking
needs in
Japan

ESTABLISHED: 1897

THE
NIPPON KANGYO BANK
LTD.

HEAD OFFICE: HIBIYA TOKYO
120 BRANCHES THROUGHOUT JAPAN
New York Representative Office:
149 Broadway, New York 6

Farm Management

(CONTINUED FROM PAGE 76)

which includes various forms used in connection with our management program, such as soil analyses, visits, crop and crop acreage reports, and budget and accounting reports. We feel that our management program will, over a period of years, be a considerable help in developing new trust business and attracting new customers for the commercial banking department.

Bank Has Good Appraisal Business

In addition to our management work, we do considerable appraising. The standard charge for appraisal work and consultation service is \$75 per day, plus expenses. Appraisals are made for inheritance and estate tax purposes, for division of property, and for property condemnation purposes. No charge is made at the present for appraisals for customers who wish to obtain mortgage money from the Central National.

We work closely with our bank correspondent loan officer, Robert Campbell, in obtaining agricultural loans through our correspondent banks. We do not compete with these banks in making agricultural loans. Rather, contacts are made with our correspondents and other banks in the area to send us participation in excess loans that they cannot handle. By working in close cooperation with the bank correspondent loan officer, we have been able to triple the volume of agricultural correspondent bank loans in the last three years.

Correspondents Source of Loans

Moreover, the correspondent banks have sent us many good farm mortgage loans. A portion of these loans is placed in the commercial banking department and the balance is placed in various trust accounts that have money to invest in mortgages. When an application for either farm credit or farm mortgage is received from a correspondent bank, it is sent to the farm department for first consideration, particularly from the standpoint of values shown on the financial statement. If necessary, one of our farm managers and the representative from the correspondent bank visit the applicant and obtain such in-

formation first-hand as we may deem desirable. The loan application is then passed on to the discount committee with the comments and observations of the farm manager. On farm mortgages, the farm manager promptly makes the appraisal so that it may be submitted with the application.

We do not lend money to our farm tenants. We feel that we cannot serve the best interests of both the owner and the tenant; therefore, tenants needing money are advised to obtain it from our country correspondent banks.

As purchasing agents for the farms we manage, we have made numerous contacts which have enabled us to obtain worthwhile discounts through volume buying for our farm accounts from retailers and distributors of feed, seed, fertilizer, and farm machinery, and we have been able to establish new accounts for the bank through our associations with these businesses.

Genuine Need a Requisite

In my opinion, there should be a *genuine need* for farm management service in its territory before a bank enters this field. To be successful, the bank starting a farm management department should have a genuine interest in the welfare of agriculture and should be interested in developing a program by which it can service agriculture in its community or trade area. The officers and directors should support the work of the farm managers 100% and should recognize the fact that they must pay salaries that will attract competent personnel. Equally important, the bank should be willing to spend money for advertising and promotion of the farm department's services and to provide the equipment essential to do the work satisfactorily from the customer's standpoint.

Also, from our standpoint, top management expects us to pay our way by giving service that will return a reasonable profit. This we are now able to do, despite a 20% drop in farm prices during the past five years and a continual increase in department overhead expenses. Although agricultural departments are usually started as an "out-of-pocket" expense to the institution, growth and profits should be forthcoming in a period of three to five years.

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NEWS for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

CBOC Makes Miscellaneous Service Charges Survey

THE Country Bank Operations Commission of the American Bankers Association has sent a questionnaire to a selected group of banks with total resources under \$7,500,000 for the purpose of collecting information on what miscellaneous service charges are now being charged for by banks. The questionnaire covers 56 aspects of miscellaneous service charges.

The results of this survey will make available to banking an overall picture of the miscellaneous services for which banks charge and the rates presently being charged for these services.

The over-all results of the study will be reported in *BANKING* and sent to all A.B.A. member banks some time in September.

To Canton, Ga., Bank Goes Strickland Farm Award

THE Robert Strickland Agricultural Memorial Award for distinguished service to agriculture in Georgia in 1958 has been presented to the Bank of Canton, Canton, Ga. The award was presented by Wallis G. Cobb, president of the Bulloch County Bank, Statesboro, and chairman of the Agricultural Committee of the Georgia Bankers Association, at a luncheon meeting of the GBA held in Augusta. E. O. McFather, president of the Bank of Canton, received the award.

The award includes a check for \$2,000 from the Trust Company of Georgia which has sponsored the award annually for the past 11 years. The \$2,000 is used by the winning bank for a boy or girl (who must be a member of FFA, FHA,

or 4-H Club from their county) to study agriculture or home economics in the university system of Georgia. The award is also represented by a 3-foot bronze plaque mounted on an easel and intended for display in the lobby of the winning bank.

The award was presented in memory of the late Robert Strickland, former president of the Trust Company of Georgia and of the Georgia Bankers Association.

The Bank of Canton operates a well-balanced agricultural program and has a full-time representative, W. F. Garrett. U. G. Moore, county agent for Cherokee County, described Mr. Garrett as a "second county agent" and other sources spoke equally well of his activities.

Syndicate Formed to Buy up Small Banks

THE formation of the Bankers Financial Corporation in Fergus Falls, Minn., to provide a financing service for the purchase of controlling and minority interest in country banks has been announced by its president, Walter R. Olson, president of W. R. Olson Company and of the Security State Bank of Fergus Falls. The vice-president is A. L. Garnaas of Sheyenne, N. D., who is

executive vice-president of the Farmers & Merchants State Bank of Sheyenne, president of the Farmers State Bank of Maddock, and vice-president of the North Dakota Bankers Association.

Don't Pout—Merchandise!

LOOKING down their noses at their customers and start merchandising their product to meet competition from Production Credit associations, R. J. Solomon, manager, farm department and assistant vice-president, Citizens National Bank, Macomb, Ill., said at a session of the Illinois Bankers Agricultural Conference.

He warned that if bankers "are inclined to shrug off this challenge, farmers' needs will very likely be taken over by Uncle Sam in the form of additional Government-sponsored credit agencies, rural credit unions, or, in case of feed, fuel, fertilizer, and machinery, industry will take over and do the job of financing" banks should do.

New York Awards to Youths

A NUMBER of awards to encourage agriculturally-minded youths in the pursuit of farming as a way of life were presented by the New York State Bankers Association at the state FFA convention in May, attended by about 1,000 youths.

First in the association's awards was a unique scholarship to a farm youth who has demonstrated competence in agricultural studies and who plans to enter farming upon graduation from high school. Other awards included five regional first, second, and third place public speaking prizes in the statewide contest conducted by the FFA.

The youth selected for the scholarship will attend the NYSBA's special Bankers School of Agriculture, (CONTINUED ON PAGE 82)

Speakers at Short Course for Agricultural Representatives of Missouri Banks. Left to right, Frank Miller, University of Missouri agricultural economist, Columbia; C. L. Harper, president, State Bank, Sturgeon; and John F. Timmons, Iowa State College professor of agricultural economics, Ames



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(CONTINUED FROM PAGE 80)

cooperatively sponsored by the association and Cornell University. Twelve farm youths have studied previously at the school since its founding in 1950.

Corporations May Manage Large Farms in Future

The large farm of the future may be run as a partnership or a corporation, rather than as a 1-man business, said Professor N. G. P. Krausz, agricultural law, University of Illinois, at the 13th annual Illinois Bankers Agricultural Conference. "The farmer has the same freedom of choice in selecting the business organization best suited to his needs as any other businessman," he added. The 2-day meeting is conducted by the University's College of Agriculture in cooperation with the Illinois Bankers Association.

Professor Krausz suggested that farmers and their financial advisers may want to consider these kinds of farm business organization as solutions to problems of sole ownership:

"(1) *Partnership*. Its drawbacks are that liability is unlimited; transferability of partial interests is comparatively difficult; the same tax rates apply as in sole ownership; and the partnership legally ends at a partner's death.

"Favoring a partnership are: The partnership allows pooling assets and wisdom; credit status may improve by combination of resources; the interest of family members is promoted, and abilities of all may be fully utilized; divided income may result in total tax decrease; all partners are eligible for social security.

"(2) *Limited Partnership*. This is like having a rich girl friend who has been forbidden to kiss. The limited partner is a source of capital but cannot contribute services or management. However, this may be a solution for a retired father who wants to keep his investment in the farm business but who also really wants to retire, for nonresident heirs who wish to share in operating profits, and possibly for an occasional investor.

"(3) *Corporation*. Can be used by a farm family or by several families



E. J. Questa, right, president, First National Bank of Nevada, Reno, receives an engraved plaque in recognition of "meritorious service to 4-H" from James E. Adams, dean, University of Nevada's Max C. Fleischmann College of Agriculture. Mr. Questa, on behalf of First National, established a policy of extending credit to 4-H Club and FFA members to assist in financing their livestock projects

or individuals who wish to combine capital in an operation under one control. Provides limited liability to the shareholders; is not affected by the life spans or whims of any one owner; ownership is represented by shares of stock, which are easily transferable; former tax disadvantages have been removed.

He pointed out that in case of a corporation there are a few annoying special taxes; a corporation is a formal entity requiring directors, officers, meetings and records—a kind of formality and record-keeping so foreign to most farmers they could not tolerate it.

\$1,667 Missouri 4-H Check

In a recent fund-raising campaign for the Missouri 4-H Foundation, the Missouri bankers contributed



Mr. Harper, seated, is about to turn over a \$1,667 check to J. Rogers Cochran, treasurer, Missouri 4-H Foundation and executive vice-president, Columbia Savings Bank, at right, Robert Fridley, president, Missouri 4-H Council, left

\$1,667. For the third year, C. L. Harper, president, Sturgeon (Mo.) State Bank, was chairman of the Missouri drive, which is a part of a nationwide program by banks on behalf of the 4-H Foundation.

"Power and Profits" Book

The thirteenth in a series of handy little cartoon booklets dealing with agricultural subjects published by The Canadian Bank of Commerce, Toronto, is *Power and Profits*.

This attractive mailing piece is being distributed to the bank's farm customers by its many branches throughout Canada. It is designed as a guide to farmers planning to convert to total mechanization.

Scientists Experiment with Turkey Egg Laying

Efforts of a corps of California scientists busily tampering with the breeding timetable of turkeys are disclosed in a recent issue of the *Agricultural News Digest*, published monthly by Arizona's Valley National Bank.

According to the digest, the research team—composed of poultry husbandry experts from the University of California's agricultural school, and a turkey breeding farm north of San Francisco—already has succeeded in creating gobblers ready for market in 12 weeks instead of the customary 6-9 months.

Now, in an effort to persuade turkey hens to lay around the calendar (normally their egg output is primarily confined to the spring months) "the scientists are moving the hens into cleverly-designed houses where the lady birds will think it's always spring," reveals the Valley Bank publication.

"These hen houses take a bit of doing," it adds. "They're individually airconditioned, and equipped with removable panels to permit entrance of varying degrees of sunshine at different seasons and time of the day."

"If wily Wilson [University of California Poultry Professor Wilbur Wilson] is successful in creating an atmosphere of eternal equinox in his hen hostels, this means year-round production and consumption of turkeys," states the *Digest*. "Present freezing and cold storage costs will be cut sharply."



Off-beat, side street location pays off *for the Bank of Bethesda*



"We thought we were taking a chance when we built our new drive-in branch in a new commercial area away from the main thoroughfares," says Mr. Edward D. Sacks, Vice President of Maryland's Bank of Bethesda.

"But it certainly paid off. New deposits attributable to this facility already exceed \$1,000,000. Customers say it's our uncongested location that makes banking with us so pleasant. What we feared might be a disadvantage has turned out to be one of our greatest assets.

"The entire cost of the installation was \$97,000, including land, building and equipment. We anticipated it

would pay for itself in five to six years, but our better than 15,000 cars monthly average has already cut our estimate on pay-off to three years.

"We looked at all the drive-in windows before deciding on Mosler. You can't ignore exclusive features like Mosler's draft-proof deposit drawer and constant, hi-fi speaker-microphone system. As a matter of fact ours is strictly a Mosler operation. In addition to four drive-in windows, we decided on a Mosler walk-up window, day and night depository and money safe.

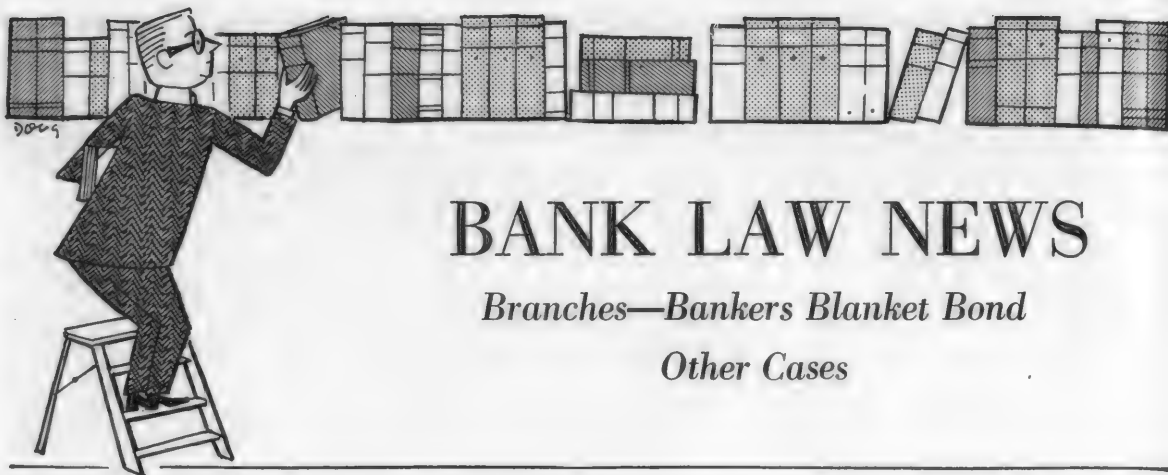
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BANK LAW NEWS

Branches—Bankers Blanket Bond

Other Cases

BRANCHES

State member bank cannot operate branches acquired in merger with national bank without Federal Reserve Board's approval.

ACCORDING to the Federal District Court for the District of Columbia, the Federal Reserve Board has the authority to deny, to a state member bank, the right to operate additional branches acquired in a merger with a national bank.

The Michigan state banking authorities had approved the merger of the national bank into the state member bank and had also approved the operation of the former national bank branches as part of the branching system of the state bank.

The Federal Reserve Board, however, declined to approve the operation of the offices of the absorbed national bank because of the adverse effect it would have on competition in the area.

The state bank contended that the Board lacked jurisdiction to approve or disapprove the retention and operation by a resulting state member bank of branches which were in lawful operation by the national bank on the date of the merger.

The court upheld the Board. Section 9 of the Federal Reserve Act (Title 12 U.S.C., §321) provides that the approval of the Federal Reserve Board "shall be obtained before any state member bank may hereafter establish any branch and before any state bank hereafter admitted to membership may retain any branch established after February 25, 1927."

It was clear, said the court, that the operation by the state bank, as its own, of the former branches of

the national bank, amounted to the "establishing" of new branches. This was not a case where the state bank was retaining branches because these branch facilities were not part of the state bank's organization before the merger.

There was, furthermore, no indication that Congress intended to make any distinction, when it chose the word "establish," between the state bank's "creating new branch facilities where none had existed before, and acquiring the pre-existing branches of another bank in order to operate them as its own. In either case, the party concerned ends up with a greater number of branches than before. It is this act of increas-

ing the number of branches that requires prior approval by the Board."

The Board had the right to inquire into the competitive aspects of the merger to determine whether a bank "may be seeking to establish a larger number of branches in order to give it an undue competitive advantage" over other banks in the area.

The court concluded that there was substantial evidence to warrant the Board's ruling that the state bank's operation of the proposed branches "would be likely to have an adverse effect on banking competition" in the area. *Old Kent Bank & Trust Co. v. Martin* (Dist. Ct., D.C., April 22, 1959).

BANKERS

BLANKET BONDS

Clause E affords no coverage to bank for loss sustained in reliance on false financial statement and forged accountant's letter; fraudulent invoices are covered.

THE Massachusetts Supreme Judicial Court recently decided that a loss resulting to a bank acting in reliance on a false financial statement accompanied by a forged certified public accountant's letter was not covered under Clause E, Bankers Blanket Bond, Standard Form 24.

The bank was asked by a correspondent to participate in a loan and was informed that the borrower had submitted a financial statement together with an accountant's certification letter. The statement, said the correspondent, justified making the loan.

Relying on this representation, the

bank agreed to participate for the full amount of the loan provided it first had a chance to examine the statement. The correspondent then made the loan and mailed a participation certificate to the bank together with accurate typewritten copies of the statement and letter. Finding the statement to be as represented, the bank credited its correspondent the amount of the loan.

The participation certificate, incidentally, was non-negotiable and provided that the correspondent "should be free from liability on account of the participation."

Unfortunately, the statement proved false and the accountant's signature on the letter was a forgery. To recover the amount of its loss, the bank made claim against the bonding company under Clause E of the bond.

This clause, captioned, "Securities," provides, in part, that the
(CONTINUED ON PAGE 86)

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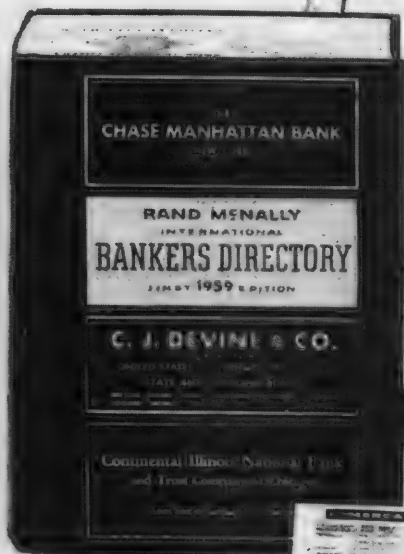
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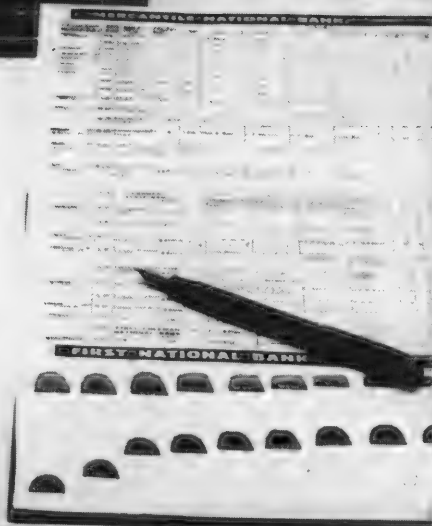
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(CONTINUED FROM PAGE 84)

bonding company is liable for any loss through the bank's having, in good faith and in the course of business, given any value on the faith of any "securities, documents, or other written instruments which prove to have been counterfeited or forged as to the signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent or registrar, acceptor, surety or guarantor, or as to the signature of any person signing in any other capacity."

The court decided that the bank had no claim because the falsely certified financial statement and forged letter were not documents or other written instruments within the meaning of the bond.

"Securities," the title of Clause E, although not controlling where the text contains language to the contrary, suggested, said the court, that the clause was intended to cover "securities and writings something like securities," and was not intended to cover or encompass "all writings or all formal writings." If coverage in the instant case had been intended, words such as "formal or official written assurance" or "certified financial statement" could very easily have been added to the clause.

To the bank's contention that the phrase, "documents or other written instruments," was broad enough to include the financial statement because it is commonly relied upon in commercial transactions, the court replied that the bond did not purport to cover all losses. Granting that the bank had been defrauded, the loss was not one blanketed by the bond. *Rockland-Atlas National Bank of Boston v. Massachusetts Bonding & Insurance Co. (Mass., 1959) 157 N.E. (2d) 239.*

Consider, now, the following set of facts. A bank had made a series of loans on the strength of accounts receivable assigned to it as security for the loans. The assignments all bore the signatures of the president or vice-president of the borrower.

The receivables were evidenced by duplicate sales invoices of the borrower, representing alleged sales for which it had not been paid.

Then the trouble began. The borrower went bankrupt. It also developed that the receivables were fictitious; the goods listed in the invoices had never been ordered by, or shipped to, the purchasers stated in the invoices.

The bank brought action against the bonding company, alleging that the loss was covered by Clause E of the blanket bond. The Federal District Court for the Western District of Pennsylvania agreed that it was.

Admittedly, the invoices were fraudulent, made and used with the intent to defraud the bank. But, because the signatures on the assignments were genuine, there was no forgery involved.

However, the "invoices in question were 'counterfeited written instruments' according to the meaning of the term as the parties intended to be bound by it in Clause (E) of the indemnity bond. To conclude otherwise would be to give no effect whatever to the use of the word 'counterfeited.'" Fidelity Trust Company v. American Surety Company of New York (Dist. Ct., Pa., Civil Action No. 16959).

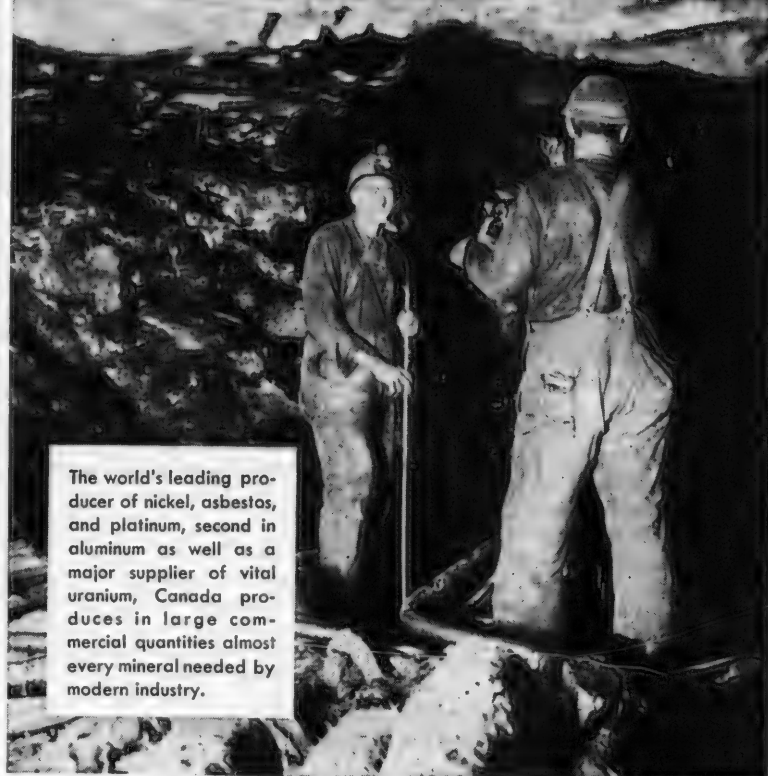
BRIEF NOTES ON OTHER CASES

Deposits in two names. Where savings account was opened in names of mother and daughter and both signed signature card providing that title to account belonged to survivor, but account was captioned in name of mother payable on death to daughter, the account was a valid inter vivos gift to daughter, was not a testamentary disposition and was not revoked by mother's subsequently executed will. *Nemcek v. Central City National Bank* (Pa. Super.) 149 Atl. (2d) 533.

Statute of limitations. Where promissory note is jointly executed by husband and wife, as principals, and either party makes payment on the note, running of statute of limitations against the party not making the payment is interrupted if he or she knows and consents to, or directs, requests, or ratifies, the payment. *Fisher v. Pendleton* (Kan.) 336 Pac. (2d) 472.

Conditional sales. Unless conditional sale agreement executed by corporate buyer is filed in county designated in certificate of incorporation as corporation's principal place of business, agreement is void as against buyer's creditors, although corporation no longer maintained place of business in such county and agreement was filed in county where corporation had its only place of business. *In re Savage Mills, Inc.* (Dist. Ct., N. Y.) 170 Fed. Supp. 559.

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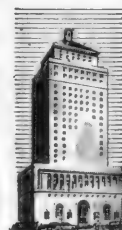
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BANKING NEWS

Bank Holdups Decline in First Half of Association Year, T. F. Glavey Reports

Burglaries Numbered 35, With 40 Attempted Burglaries Thwarted

Despite recent widespread publicity on bank holdups, a report compiled by the Insurance and Protective Committee of the American Bankers Association shows that the actual number of holdups during the first half of the Association year ended Feb. 28 was less than during the comparable six months ended Feb. 28, 1958. Chairman of the A.B.A. committee is Thomas F. Glavey, vice-president of The Chase Manhattan Bank, New York.

During the six months, there were 142 banks held up with loot totaling \$734,748, compared with 145 holdups with loot of \$836,901 during the comparable period a year ago.

Bandits Prefer to Work Alone

The A.B.A. report, which also gives figures on burglaries and defalcations, says: "Attacks by lone bandits, men or women, continue to present the favored method of robbing banks. During the six months under review, 8 out of every 10 holdups were committed by lone bandits. Singly, they entered 144 banks and were apprehended in the banks or left the premises without loot in 33 cases. Others were arrested shortly after leaving the banks, and all or a major portion of the loot recovered. The average take of the lone bandit was \$2,784 in 144 cases, compared with an average take of \$10,082 in 33 holdups by two or more bandits. Only two of the 33 attacks were frustrated.

"Bank burglaries during the six months numbered 35 with losses of \$106,667, plus 40 attempted burglaries," said the committee. "These night attacks were made on banks in 25 states. Mechanical protection in 40 banks resisted the attacks of burglars, and in other cases only a few hundred dollars were obtained. Average loot of only \$1,422 per attack speaks well for the preparedness of

banks to cope with yeggs' efforts.

45 Defalcation Losses

"During the second half of the calendar year 1958, banks reported 45 defalcation losses of \$10,000 or more. This is the same number reported during the first six months of the year, but losses totaled \$1,000,000 more. Losses in the 90 cases reported for the entire year 1958

aggregated \$6,455,187, and nine of them were underinsured to the extent of \$1,601,137. Four of the nine underinsured banks were closed; two reopened as branches of other institutions which assumed the deposit liabilities of the closed banks. Closing of another underinsured bank was avoided when it was taken over by a large nearby city bank to maintain the confidence of depositors."

A.B.A. News Briefs

G.S.B.: The Graduate School of Banking, conducted by the A.B.A. at Rutgers—The State University, New Brunswick, N. J., will be renamed The Stonier Graduate School of Banking, effective September 1. Story on page 50.

A.B.A.'s \$600,000 Gift: The Association's \$600,000 gift to Rutgers—The State University, New Brunswick, N. J., to be applied toward construction of a new dining and assembly hall, will enable G.S.B. to double its student capacity. See page 52 for details.

Tax equality: A.B.A. leaders, through informal conferences, continue their quest for a formula of equitable taxation of commercial and mutual savings banks and savings and loan associations. Recent developments are reported on page 37.

Tax study: John W. Remington, A.B.A. vice-president, asks state associations and individual bankers to make thorough study of present tax situation, which, he says, has obvious inequalities between commercial and mutual savings banks that must be corrected.

Government lending: Federal budget estimates that by June 1960, existing lending programs will reach a total outstanding of \$105-billion, including \$23-billion direct loans and \$82-billion guaranteed or insured loans. See A.B.A. statements on page 41.

Postal Savings: The A.B.A. has endorsed H. R. 2203, providing for orderly liquidation of the Postal Savings System when deposits fall below \$1-billion or when expenditures of PSS exceed revenue. Details on page 92.

Consumer line-of-credit costs: One bank, well known for close cost analyses, came up with these figures on its consumer revolving credit operation: acquisition, \$12.81 per account; servicing, \$10 per account; cost per check, 17 cents. A brief outline of the Instalment Credit Commission's recently released study of bank experience in check-credit—containing such vital statistics as those above—appears on page 95.

Trust conference: Birmingham, Ala., trustmen were hosts to 350 bank trust officers attending the A.B.A.'s Southern Trust Conference, May 14-15. Speeches will be reported in June *Trust Bulletin*. Some good ideas from the conference may be found in *BANKING* departments, starting on pages 4, 10, 47, and 67.

Thwart Communism by Stanching Inflation Tide, Lee P. Miller Urges

In Challenging Times Bankers Should Make Objectives Clear

Bankers should be in the forefront of the battle against the forces of inflation, Lee P. Miller, president of the American Bankers Association, said in an address before the Missouri Bankers Association convention.

"We need to exercise sober, reasoned judgment regarding the relationship of our policies and actions to the economic environment in which we find our institutions, and we must continue to press forward those principles and objectives that can help to preserve the stability of our nation's currency and hence its entire economic well-being," said Mr. Miller.

He emphasized that "the strength and vitality of the entire banking system are indispensable to the future welfare of our country and our allies in the struggle against world communism."

Ultimate Test of Survival

Mr. Miller pointed out that the traditions of strength and safety bankers build and preserve in their institutions on behalf of their depositors, employees, and stockholders will furnish the ultimate test of their survival as free, private banking organizations.

"We should not waver from a persistent adherence to such traditions merely because some of our competition may lack the vision and experience to do likewise," he said. "We should continue to gain public confidence for what we are, and for the manner by which we measure up to our responsibilities toward the public through strength and service."

"In these challenging times, we should make our objectives and responsibilities clear. We should not be content to ride high on each wave of inflationary sentiment, lest the cumulative effect be a tidal wave that will engulf us. To this end, we must convince ourselves and others that all inflation is destructive, and we should build our strength on continued traditions of conservative management and safety."

Harold Stonier Fellowships in Banking for Postgraduate Study in Banking and Related Fields Announced by A.B.A.

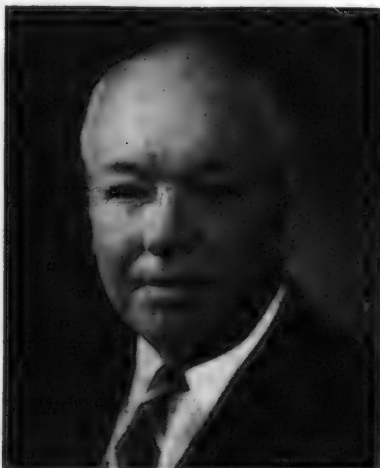
The American Bankers Association will make a number of fellowship grants for postgraduate study in banking and related fields, including agricultural credit, Lee P. Miller, president of the Association and president of the Citizens Fidelity Bank and Trust Company, Louisville, Ky., announced recently.

The grants will be designated as Harold Stonier Fellowships in Banking, in memory of the late Dr. Harold Stonier, for many years executive head of the A.B.A. and founder and dean of the A.B.A.'s Graduate School of Banking.

The first grants under the new program are expected to be made for the 1959-60 academic year. (A letter announcing the availability of the fellowships has been sent to the presidents of 154 colleges and universities which award doctoral degrees in the fields of economics and finance.

The purpose of the awards, Mr. Miller said, is to provide financial assistance to qualified students desiring to do advanced study and research in preparation for careers in banking or university teaching in finance, and to facilitate the successful completion of research leading to a better knowledge of banking and credit problems. Applicants for the fellowships must be citizens of the United States, must have completed at least two full years of graduate training, and must have demonstrated superior scholastic abilities.

Lee P. Miller



The amount of the stipended will be \$2,400 for one academic year, plus tuition costs and fees.

Applications for fellowships must be submitted to A.B.A. by July 1. They will be screened by a Selection Committee of three bankers and three A.B.A. staff members. Announcements of the first awards will be made on or before August 1.

In cases where it is desirable and feasible, a fellowship recipient may be given an opportunity to work on his project during the summer months at the A.B.A. headquarters in New York City.

Details of the new program were worked out by the A.B.A. Research Council, the Agricultural Commission, the Council on Banking Education, and the Foundation for Education in Economics. Funds for the awards will be supplied by the Foundation, which was set up some years ago, with funds contributed by A.B.A. member banks, for the purpose of establishing scholarships in economics and promoting economic research.

Mr. Miller explained that the fellowship project is an important element in a comprehensive new A.B.A. program aimed at extending relationships between bankers and educators.

"How to Train a Bank Bookkeeper" Is Newest A.B.A. Management Guide

Turnover among bookkeepers is usually higher than among any other group of banking employees, according to Thomas G. Wilson, chairman of the Committee on Employee Training of the American Bankers Association, in the foreword of a new management guide, *How to Train a Bank Bookkeeper*, which was recently published and mailed to A.B.A. member banks. The new manual, containing 55 pages of suggestions for on-the-job training of bookkeepers, was jointly produced by the committee and the A.B.A. Country Bank Operations Commission to assist small and medium-

(CONTINUED ON PAGE 91)

A.B.A. Executive Council Eulogizes Evans Woollen, Jr., and Robert M. Hanes

Hanes Was Association President in '39-40; Woollen in '48-49

The Executive Council of the American Bankers Association, at its annual spring executive meeting, adopted memorial resolutions honoring Evans Woollen, Jr., late chairman of the board, Fletcher Trust Company, Indianapolis, and Robert M. Hanes, late honorary chairman of the board, Wachovia Bank and Trust Company, Winston-Salem, N. C., each a former president of the Association. Mr. Woollen died on January 25 and Mr. Hanes on March 10.

C. Francis Cocke, chairman of the board of The First National Exchange Bank, Roanoke, Va., and president of the A.B.A. in 1951-52, presented the following memorials to the Executive Council for adoption:

Evans Woollen, Jr., was a man who radiated a warmth of human understanding. His brilliance of intellect and great talents were blended in a quiet manner and modesty that engendered the respect and admiration of those with whom he lived and worked.

The history and traditions of the American Bankers Association have been enriched by his unselfish and energetic service as its president during the year 1948-1949.

In recognition of his distinguished career in American banking and his sound leadership in the Association, this memorial is hereby adopted by the Executive Council of the Association.

In these times of world unrest, it is reassuring to be reminded that American democracy gives birth to such great leaders as Robert M. Hanes. A man of many talents and noble qualities, Bob left a mark of distinction on all he did.

The American Bankers Association was honored that he served as its president during the year 1939-40, and down through the years it has gained much through his dynamic and unselfish work.

In recognition of his distinguished career in American banking and his sound leadership in the Association, this memorial is hereby adopted by the Executive Council of the Association.

Engrossed copies of the resolution have been sent to Mrs. Woollen and Mrs. Hanes.

Work in

Here are *some* of the projects now under way in the various departments of the American Bankers Association:

Department	Type of Study	Approx. Completion Time
Advertising	Special series of newspaper spot ads	June 1959
Department	1959 "Thank You" folder	June 1959
	1959-60 School Saver	September 1959
	1960 window and lobby posters	November 1959
Agricultural	1959 <i>Agricultural Credit and Related Data</i>	June 1959
Commission	Agriculturally Trained Men in Banking—a study	Fall 1959
	1959 Farm Credit Reports (by states)	August 1959
	Irrigation Financing—a study	Indefinite
A. I. B.	1959-60 Catalog	June 1959
	Textbooks:	
	<i>Effective English</i> , by Dr. George Crouch, University of Pittsburgh	Fall 1959
	<i>Bank Administration</i>	1960
	<i>Financing Business Enterprises</i> , by Dr. Weldon Welfing, Simmons College	1960
	<i>Negotiable Instruments</i> , by Dr. William E. Britton, Hastings College of Law	1961
	<i>Supervisory Management</i>	1961
	<i>Economics</i> , by Professor A. Anton Friedrich, New York University	1962
Bank Personnel	<i>Career Opportunities in Banks</i> (for high school graduates)	Summer 1959
Administration	<i>Banking Legislation in the First Session 86th Congress</i>	Fall 1959
Committee on Federal		
Legislation	Comprehensive Banker Education Programs study	Spring 1960
Council on		
Banking Education		
Country Bank	Miscellaneous Service Charge survey	Summer 1959
Operations	Revision of manual, <i>Simplified Cost Analysis for Smaller Banks</i>	Late 1959
Commission	Correspondent banking services, in cooperation with BANKING	September 1959
	<i>Profit Planning</i> (budgeting) <i>Guide for Smaller Banks</i>	Late 1959
Credit Policy	Privately Financed Development Credit Corporations progress survey	A continuing study
Commission	Semiannual survey of banker opinion on business and credit outlook	June 1959

Redefinition of "Inland Bills of Exchange" Drafted As Amendment to Uniform Negotiable Instruments Act

A redefinition of "inland bills of exchange" has been drafted as a proposed amendment to Section 129 of the A.B.A.-recommended Uniform Negotiable Instruments Act. The proposed measure was developed by a special subcommittee of the American Bankers Association's Committee on State Legislation, in cooperation with the Association's Bank Management Commission and interested officials of the Federal Reserve System. Robert H. Brome, resident counsel and secretary, Bankers Trust Company, New York, was chairman of the subcommittee.

The purpose of this amendment is to effect a change in the meaning of the term "foreign bill of exchange" as set forth in Section 129, so as to eliminate the necessity of protest, as a condition of the liability of drawers and endorsers in the event of dishonor, except as to bills of exchange which show on their face that they are drawn or payable outside of the United States. Protest would still be permissible, though not required, in the case of any negotiable instrument other than a foreign bill of exchange.

The recommended act would be consonant with the recommendation

Progress

(Readers are requested not to write in for these items until their completion is officially announced.)

Department	Type of Study	Approx. Completion Time
Economic Policy Commission	Series of Banking Studies: <i>Banking in Transition</i> <i>Problems of Bank Asset Management</i> <i>Bank Earnings and Capital Problems</i>	Indefinite
Economic Policy Commission	Study of <i>Interim Financing of Mortgage Credit</i> (jointly with Savings and Mortgage Division)	Early 1959
Employee Training Committee	<i>How to Train a Bank Proof and Transit Clerk</i>	Early 1960
Instalment Credit Commission	<i>Timely Notes on Instalment Credit</i>	June 1959
	<i>Automobile Financing Through Dealers</i> —a revision	September 1959
	<i>Training Guide for Instalment Loan Collections and Accounting</i>	June 1959
Public Relations Council	Several additions to <i>Speech Service</i> for bankers addressing public audiences	Summer 1959
	<i>The Problem Solver</i> —addition to PR manual series	Fall 1959
	<i>A. B. A. Film Guide</i> —a revision	Fall 1959
	Revision of PR manual <i>Your Bank's Relations with Schools</i>	Fall 1959
	New <i>Personal Money Management</i> film	Spring 1960
	<i>The Banker Writes</i> —addition to PR manuals	Indefinite
Public Relations Council in cooperation with Department of Monetary Policy	Educational filmstrips on important role of commercial banks in American economy	Indefinite
Savings and Mortgage Division	<i>A Savings Cost Analysis Program</i> —a revision	Early 1959
	<i>Incentive Savings Plans</i> —a revision	Early 1959
	<i>New Opportunities in the Mortgage Market</i> (Interim Financing and the Nationwide Mortgage Market)	Summer 1959
	<i>Methods and Procedures of Computing Interest on Savings Deposits</i> —a revision	Winter 1959
Small Business Credit Commission	<i>Small Business Investment Companies — Their Development and Growth</i>	A continuing study
Trust Division	<i>Personal Trust Asset Survey</i>	Summer 1959
	<i>Handbook on Fiduciary Legislation</i>	Fall 1959

of the Bank Management Commission that the present \$500 "no protest" limit on all checks be raised to \$1,000, except in the case of dishonored "international" checks and other bills of exchange drawn or payable outside of the United States.

The BMC's recommendation met with the approval of the Federal Reserve banks and the first paragraph of the FRB's general transit instructions have been rewritten to provide for this change. (See page 94, April BANKING.)

The Committee on State Legislation, headed by Joseph W. White, vice-president Mercantile Trust Company, St. Louis, believes that the new measure will eliminate what, for some years, has been considered a nuisance and unnecessary expense.

Bank Bookkeeper Guide

(CONTINUED FROM PAGE 89)

sized banks in improving their training programs. Additional copies of the manual needed by member banks will be supplied at \$1 each to cover the cost of publication and mailing.

The booklet points out that "planned on-the-job training is essential to the development of a competent bookkeeper."

It also emphasizes that the "booklet should be used in conjunction with the first two guides in this series: *How to Welcome a New Bank Employee* and *How to Train a Bank Employee*. These two publications contain specific suggestions and information that will help the instructor make the training more effective."

Memoranda No. 9 and No. 10 in Public Relations Council's Series Are Now Available

The Public Relations Council of the American Bankers Association has increased by two its memoranda in a series designed to aid banks in their public relations program.

The new leaflets are Memorandum No. 9, "Community Relations for Banks"; and Memorandum No. 10, "Bank Public Relations Self-Audit Checklist." The former suggests a 7-point community relations program for banks and includes an 8-point creed which was developed by General Motors.

The checklist contains nine pages of questions relating to a bank's public relations performance.

The memoranda are available without charge to A.B.A. member banks upon request to the Public Relations Council, American Bankers Association, 12 East 36th Street, New York 16, N. Y.

NABAC to Vote on New Name and Other Changes in Its Constitution

The National Association of Bank Auditors and Comptrollers has asked its 176 local conferences for a vote on changing the association's name, its statement of purpose, and its method of voting.

The directors have recommended either of these two names: "NABAC, the Association for Bank Operation, Audit, and Control," or "NABAC, the Association for Bank Audit, Control, and Operation." The present title, said President Franklin D. Price, does not reflect the organization's full scope, particularly in bank operations. Also, most smaller banks do not have an employee with the title of auditor or comptroller.

The proposed statement of purpose, Mr. Price said, would emphasize research and education, sound and uniform audit programs for all banks, development of "reasonably standardized practices" of bank accounting and cost accounting, etc.

Under a suggested change in voting procedure, each member bank would be permitted to vote. At present only conference presidents have voting privileges.

A.B.A. Endorses Postal Savings System Demise

THE Postal Savings System should be liquidated because "it is no longer needed," the American Bankers Association has testified before the House of Representatives Committee on Post Office and Civil Service.

The A.B.A. in a statement presented to the Committee urged enactment of H. R. 2203, introduced by Chairman Tom Murray of Tennessee. Under this bill, liquidation of the System would commence when deposits fall below \$1-billion or when expenditures exceed revenue. It is estimated, the American Bankers Association said, that enactment of Representative Murray's bill would result in initiation of the liquidation process by January 1960.

"Total postal savings deposits declined in the period from June 1947, to March 1959, from \$3,393,000,000 to \$1,093,000,000," the Association asserted. "During the period from June 1947, to June 1958, the number of depositors declined from 4,196,000 to 1,925,852."

Noting that the Postal Savings System was found by an Association survey in 1936 to be servicing many communities through third- and fourth-class post offices where banks were not offering savings facilities, the A.B.A. stated:

"By 1959, the picture has changed considerably. The number of postal savings depositories in third-class post offices declined to 676 (from 3,108) and in fourth-class post offices to 12 (from 482). The places where these postal savings facilities exist for the most part have saving facilities available through banks. Deposits in nearly all of these banks are insured by the FDIC."

The Chamber of Commerce of the United States has also recommended passage of H. R. 2203.

Bay State School Banking

ACCORDING to 1958 statistics, school savings programs are being conducted by 70 Massachusetts sav-

ings banks which serve 870 schools in 156 municipalities throughout the state. Approximately 207,000 youngsters enrolled in the program have savings of nearly \$8,000,000.

Savers Collect Travel Cash

DURING the first week of May, 14,335 Greater Philadelphians received a total of \$1,722,235 from their vacation club accounts at the Philadelphia Savings Fund Society.

The bank reports that the checks averaged \$120, which was \$17 higher than in 1954, the first year of the PSFS vacation club, and \$2 more than last year, when the previous record was set.

Display Sells Services

A TRIANGULAR-SHAPED display, each side 9' x 24', with vivid coloring, featured the various services offered by savings banks at the "Fashion in Living" Exposition of the Long Island (N. Y.) Home Builders Institute, Inc. The exhibit was sponsored by Group Five Savings Banks Association of Brooklyn.

Bogen Links Savings in 1960s to Economic Growth

MUTUAL savings banks can look forward to record gains in deposits during the 1960s if the rate of growth of the economy is sustained, Dr. Jules I. Bogen, professor of finance at the Graduate School of Business Administration of New York University, told the annual meeting of the Savings Banks Association of the State of New York in New York.

"Deposits in mutual savings banks during the 1950s registered the largest gain in the long history of mutual savings banking," Dr. Bogen said. "Deposits rose by \$16-billion during the decade, or at an annual rate of 6% compounded yearly."

Economic growth in the 1950s was accelerated by the shortages and the relatively low level of private debt that prevailed in the early years of the decade, Dr. Bogen pointed out.

The American economy will lack these stimuli in the 1960s.

"The record volume of research and development expenditures, which have increased threefold since 1950," he continued, "could provide the stimulus to replace the shortages and low level of debt that accelerated economic expansion in the 1950s."

"To develop, produce, and market new and better products in record volume has been the formula that has served this country best in maintaining its economic growth throughout most of our history."

Sees Savings Outlook Good

SAVINGS deposits have increased about 100% since World War II, according to a recent statement by Louis B. Lundborg, president of the A.B.A. Savings and Mortgage Division and vice-president of the Bank of America, San Francisco.

In a discussion of the growth of savings and the function of the Savings and Mortgage Division, Mr. Lundborg noted:

"As population grows continuously in the United States and economic development progresses steadily, in the future the American people will be able to save proportionately even more than they do today. The opportunities for banks in the field of savings are therefore very good. Savings and time deposits in commercial banks and mutual savings banks are close to \$100-billion today."

"Much of the expansion of savings has found its way into mortgages as a primary source of investment. The net increase in the mortgage debt in 1958 for the country as a whole was nearly \$15-billion. At the end of World War II the total mortgage debt outstanding amounted to about \$35-billion. At the end of 1958 it was nearly five times as much, or about \$171-billion."

Mr. Lundborg pointed out that "the chief objectives of the Division are to aid banks in planning for growth and efficiency in the field of savings and mortgages and to meet the challenge of growing competition. This is done through various

research projects, through committee work, conferences, and watching legislation."

The Committee on Savings Management and Operations will meet the end of June to study developments in the field of electronics and automation, he said. "The purpose of this meeting," said Mr. Lundborg, "is to develop a program with the proper technical assistance for the use of member institutions interested in mechanizing their savings and mortgage department operations."

Cycl-Savings Plan Gets OK

THE Community Bank of Linden, N. J., is so thoroughly sold on its "Cycl-Savings" system that it has prepared a booklet telling what it is, how it differs from other "No Pass Book" systems, how the bank prepared to start the system, equipment and procedures used, how customers reacted to it, its cost compared to the old passbook system, advantages and disadvantages to the bank and

the customer, et cetera. The booklet includes samples of the forms used by the bank.

The Community Bank's program is an adaptation of the "No Pass Book" system in use at the Trust Company of Georgia, which was reported on page 139 of December 1957 BANKING.

In addition to cycling interest and paying it quarterly, instead of semi-annually, the bank designed small prepunched deposit and withdrawal statements to fit into a cover with a clip attached, making it fairly simple for a customer to file the slips and build his own passbook.

"We designed and printed all our forms," the bank reports. "We prepared two sets of statements and ledger forms so that we could set up the balances and mail them to the customer to start him with the first 'page' of his new passbook, and the second to start our new posting for the first full period.

"We divided our accounts into three interest groups. The first

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group, for which the covers and statements were blue, was to receive interest on the first day of March, June, September, and December. The second group (yellow paper) was to receive interest on the first day of January, April, July, and October. The third group (green paper) was to receive interest on the first day of February, May, August, and November."

The bank reports that the FDIC gave it approval for cycling and for its method of bringing its accounts into cycle.

President Emanuel Margulies states that the bank will "be glad to make this booklet available to any bank or bankers interested in this service."

Housing and Mortgages

First Quarter Construction

NEW construction actively expanded seasonally in April and brought the total value of work put in place to new highs of \$4.2-billion for the month, and \$15.1-billion for the January-April period, according to estimates by the Departments of Labor and Commerce. This year's April figure was up 15% from 1958, and the total for the first four months was 13% greater. Spending for new construction thus far in 1959 was at a seasonally adjusted annual rate of \$54.3-billion, compared with actual outlays of \$49.0-billion for the entire year 1958.

Private expenditures for new construction in the January-April 1959 period reached a record \$10.7-billion, mainly because of the 29% advance in residential building (to \$6.1-billion) over the early months of 1958. Some types of private nonresidential construction showed strength also, but office building for the first four months was off 9% from 1958, and industrial building outlays were at

the lowest January-April level since 1951.

Public construction expenditures through the end of April 1959, at \$4.4-billion, were 17% above the first four months of 1958.

Nelson Attacks Housing Bill

THE outlook for home building for the remainder of the year is excellent and a projected 1,300,000 starts—considered too high at the beginning of 1959—can be met, Walter C. Nelson, president of the Mortgage Bankers Association of America, said in New York at the opening session of the organization's annual Eastern Mortgage Conference. Mr. Nelson is president of the Eberhardt Company of Minneapolis.

"This year's housing legislation is not good and is definitely not in the national interest," Mr. Nelson said. "This housing bill in inflationary—and inflation is the greatest danger this nation faces. The bill is an extravagant venture with heavy political overtones too evident for

anyone to miss. It means that we have abandoned the goal of a balanced Federal budget and to me this has been paramount.

"The President was absolutely right—we cannot afford to do all the things being proposed now. The decision ought to have been made to balance the budget, come what may. There can be no quarrel with most of the objectives in this housing legislation—but what is needed is a cutback in all these programs more in line with what the President has proposed."

Middle-Income Housing

APPOINTMENT of a Savings Banks Committee to work with Governor Rockefeller and the State Housing Commissioner on a middle-income housing program for New York State has been announced by Kilgore Macfarlane, Jr., president, Savings Banks Association of the State of New York.

Mr. Macfarlane said the committee was formed at the governor's re-

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quest, and that several savings banks have already taken action in support of the middle-income housing program.

George J. Bender, president, the Brooklyn Savings Bank, will act as chairman of the committee.

The middle-income housing program resulted from the work of a task force, appointed by Governor Rockefeller to study, report, and make recommendations on "the fundamental problem of providing an answer to the critical dilemma of the middle-income family in finding decent housing." The task force was headed by Otto L. Nelson, Jr., vice-president in charge of housing, New York Life Insurance Company, with Harry Held, senior vice-president, of The Bowery Savings Bank, as vice-chairman.

Mr. Macfarlane described middle-income housing as "the most important single pressing need in the housing field in this highly urbanized State of New York."

By middle-income housing is meant "housing with rentals or comparable cooperative housing charges that are above the cost of public housing and below that offered by private enterprise with no governmental help," he said.

Fight Inflation Locally

SPEAKING at the Eastern Mortgage Conference of the Mortgage Bankers Association in New York, William F. Kessler, senior vice-president of the First National Bank of Boston, said the fight against inflation and needless spending has to be concentrated as much at the local level as at the national.

"The efforts to accomplish real results which are so necessary to prevent inflation—and, yes, even to preserve our republic and our way of life—are really effective only at the local levels, and I urge each of you to make temporary profit sacrifices if necessary, foster only housing legislation that is sound and noninflationary, and lend every effort in your respective communities to send men to state and national

governing bodies who have as a main plank in their personal platform the maintenance of a sound dollar in the U. S. A."

Scan Appraisal Procedures

THE rising real estate market of recent years has caused some to become lax in their appraisal procedures, resulting in excessive appraisals to justify high loans, Howard Thompson, senior real estate appraiser of the real estate bureau of the New York State Insurance Department, said at the Mortgage Bankers Association's eastern conference in New York.

This has resulted, he said, in larger loans being made than sound economics would justify.

Mortgage Committee Plans Important Meeting in Washington

The Committee on Real Estate Mortgages will meet in Washington in June to consider and to help inaugurate a program which is intended to make the American Bankers Association as effective as possible in the field of mortgage finance, real estate credit, and housing legislation.

The program which will be developed in Washington will deal with three major areas. Both mortgage financing and housing have now come of age in the American economy and have received increasing attention from the banking community. The field of mortgage credit is a dynamic one and one which lends itself to a constant flow of new developments intended to make it more effective as an instrument of finance. The Real Estate Mortgage Committee will give careful consideration to the various areas in the field of housing and mortgage finance requiring investigation and analysis. This should lead to a list of contemplated studies and projects which will be completed as fast as is practically possible.

The A.B.A. represents virtually the entire banking community and as such its views are looked upon with great interest by the Congress. During the Washington meeting we will discuss methods by means of which we can help the A.B.A.'s Washington Office to operate as effectively as possible in matters of legislation in the field of mortgage finance, real estate credit, and housing. This will involve an up-to-date analysis in these various topics.

Finally we shall discuss the most effective ways that we can develop for communicating important information in the field of housing, mortgage finance, and real estate credit to our membership or that part of it concerned with such information.

We feel that the program which will be adopted will help considerably in making the A.B.A. an effective voice in the field of mortgage finance, an area which is becoming increasingly important to a growing part of our members.

Even before this meeting, however, a study has recently been printed and released by the A.B.A. on "Pension Fund Investment in Federally Insured and Guaranteed Loans Through Correspondent Banks." This study is a pioneering effort in a field that is bound to become of increasing interest to banks.

Another study, "New Opportunities in the Mortgage Market," dealing with interim mortgage financing and the nationwide mortgage market, is scheduled to be released some time in June. This study will help to clarify an important sector of mortgage financing but one which has been greatly neglected in banking literature.

KURT F. FLEXNER
Director of Mortgage Finance, A.B.A.

Housing Starts Up 38%

A GAIN of 38% in new nonfarm housing starts was chalked up for the first four months of 1959, according to the U. S. Bureau of Labor Statistics. The January-April 1959 starts figure was 433,000, which compares with 314,500 for the first four months of 1958.

In April 1959 dwelling unit starts totaled 137,000, compared with 99,100 in April 1958, or a 38.2% gain. This 1959 figure includes 3,800 public units.

The seasonally adjusted annual rate of private starts, based upon the April private starts figure of 133,200, is 1,390,000, according to the Bureau.

Instalment Credit

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MARINE FINANCE—BUSINESS AIRCRAFT

WE'RE in marine financing's biggest time of year . . . indications are that it's bigger and better than ever. As more smaller banks enter the field, and competition gets keener, rates are edging downward, and floor planning "deals," such as those in the auto business are becoming a little more frequent.

Figures on last year's business as released by National Association of Engine and Boat Manufacturers and the Outboard Boating Club of America: \$482,800,000 was spent for purchase of new outboard boats, motors and boat trailers; number of recreational boats in use: 7,330,000; and, largest category of outboard motor buyers—skilled workers (32%).

Plan Outlines

Here are reports on their marine plans from two East Coast banks:

The smaller bank of the two, which has been in marine financing for about a year, and extends it locally, only, reports rates held at about $4\frac{1}{2}$ - 5% because of competition. Marine finance rates in general don't vary as much as they used to. This bank reports downpayments of about 25% on new up to $33\frac{1}{3}$ % on used boats, and maturities from 12-36 months. No delinquency here, although traces of it are rumored occasionally as the market broadens. Floor planning—up to 90% of inventory—is not entered into strongly by this bank, but seems necessary in some cases for competitive reasons.

The larger bank, active in marine financing in up to 10 states for a number of years, reports its experience thusly: rates— $4\frac{1}{2}$ % on balances of \$7,500 after downpayment; 5% from \$4,000 to \$7,500; 6% under \$4,000. Terms: three years on new, more on older boats and up to five on large vessels or in special cases. Full hull insurance required, financed along with the deal. Never a loss experience. And fairly extensive floor plan activity within the bank's own state—usually about 80% of inventory, which may carry over to the following year if at least

50% is paid back during the current year.

Worth reading: literature available from Evinrude Motors, Division of Outboard Marine Corp., Milwaukee, Wis.; from the National Association of Engine and Boat Manufacturers, 420 Lexington Avenue, New York 17; and from the Outboard Boating Club of America, 307 North Michigan Avenue, Chicago 1, Ill.

"Timely Notes"

Notes from *Timely Notes on Instalment Credit*—Bulletin #257—a 2-part booklet available to A.B.A. membership, upon request, from the Instalment Credit Commission.

From Part I: confidence of the general public in growing economic prosperity in the immediate months ahead is reflected in Advisory Board reports.

Interest rates are steady; defaults, reposessions and fraudulent loans are negligible. All categories but Title I FHA and appliance loans are reported up. More "own-plan" home loans, as opposed to Government-guaranteed types are in the making,

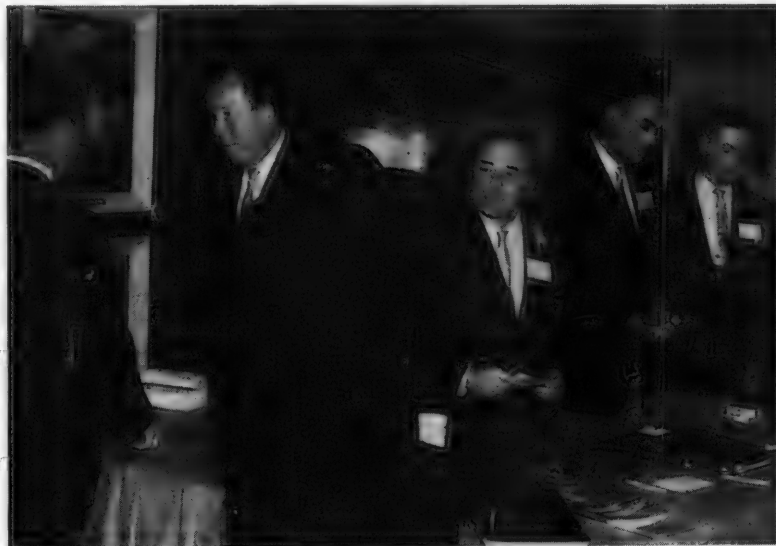
and terms seem to be lengthening in this area.

Warning from the Commission: increase in taxes in many sections have not yet made their full impact on consumer income. Also: a steel strike might just bring on new inflationary pressures. Both of these influences would be purse-string tighteners.

In Part II: revolving check-credit outlines, typical forms, and statistics. For example: interest rates run about 1% per month on daily outstanding loan balances, statutes permitting; check charges, 25 cents per check, statutes permitting.

Despite higher acquisition and servicing costs, which include monthly statements and payment notices, yield is generally considered to be higher than on regular personal loans. These accounts generally remain with the bank year after year, so that acquisition and liquidation costs are nonrecurring. Although it may take from 12 to 18 months to start making a profit on check-credit, most banks report high earnings after that—one showed a net return 90% higher than that on personal loans.

Left to right at Evinrude Motors' busy booth at the A.B.A. Instalment Credit Conference in March are Robert West, regional sales manager, G. M. Hornbeck, chief accountant, John Millard, regional sales manager, and Ronald Ranalla, accountant



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Check-credit modified for the smaller bank: American Fletcher National Bank and Trust Company, Indianapolis, which offers a now-standard check-credit plan, has prepared a modified "Ready-Funds Service" for smaller correspondents, for whom it feels regular check-credit would involve processing and systems details too cumbersome and expensive.

This type of plan is covered in the Commission's *Timely Notes*, but here's American Fletcher's plan: Once a line of credit is established for an individual, he is supplied with "deposit request" envelopes. He mails or brings into the bank his "deposit request," authorizing the bank to deposit the needed portion of his line-of-credit in his regular checking account. He then can write checks against these funds in the same manner and with the same checks that he generally uses for his regular account. These sums are charged against his credit line, and are repaid on the regular monthly schedule he indicates on his "Deposit Request" form.

Recommended for Smaller Banks

Quote from American Fletcher: "We are well pleased with our check-credit plan experience, and can attribute this to the large volume of accounts which we have acquired during the last six months and which are processed by our IBM automation equipment. The check-credit plan is easy for us to handle because of this equipment, but we know that it would not be a desirable plan for many correspondent banks who are now offering 'ready-funds' service to their customers."

Buyer Survey Statistics

Credit-buyers spend no more on household appliances, home improvements and cars than do cash-spenders of similar income and background, says Professor James H. Morgan of the University of Michigan Department of Economics. According to interviews with 16,000 consumers in studies conducted by the U-M Survey Research Center, most consumers making from \$1,000-\$7,500 a



This 1959 175 Cessna, tied down on Beverly Bank's lawn, was part of that Chicago bank's well-attended "Business Flying Conference," at which qualified men in the field lectured and led discussions of all phases of plane ownership. There was a large attendance of specially-invited businessmen. A series of films and stationary displays appeared in the bank's lobby during the entire month of April in behalf of the bank's aircraft paper

year spend between eight and 10% of their income for these items.

Increased income brings proportionately higher increase in this type of spending, although income decrease is not accompanied by a proportionate decrease in this spending.

Other statistics: Childless young marrieds owning their own homes spend 23% of their income (after taxes) for these items; elderly couples living by themselves in rented quarters, 7%.

Professor Morgan notes that the groups which tend to spend more of their income in this fashion are growing—in other words, a larger proportion of the population consists of young marrieds and home owners.

Aircraft Paper

Aircraft instalment finance and leasing is still in its banking infancy, and can only increase as the "business plane" gets broader acceptance and use. Beverly Bank, in Chicago, reports working hand in hand with dealers and distributors. The dealer contacts the bank when he has a prospective customer. A bank representative then flies down to the dealer's airport, where he meets with the customer and dealer and begins selling the bank's finance plan. This means the dealer doesn't have to first sell the plane and then some high-

cost financing, but instead has the banker there, adding the sales advantage of lower-cost bank financing and his prestige and availability—he has flown in to discuss this deal with the customer.

Planes can be either financed—terms up to four years—or leased, on terms up to five years—on Beverly's plan.

New Instalment Credit Guide

A NEW, 48-page illustrated employee guide, entitled *Bank Instalment Credit Collections and Accounting*, is available to A.B.A. member banks from the Instalment Credit Commission at \$2.50 per copy.

This case-bound 6" x 9" book presents the basic requirements of collections and accounting for bank instalment credit, including:

- (1) elements of an effective collections policy;
- (2) how to establish an efficient collection system;
- (3) qualifications for a good adjuster or collector; and,
- (4) necessary external and internal controls for your instalment credit accounting system.

CALENDAR

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American Bankers Association

June	1-5	American Institute of Banking, The Bellevue-Stratford and the Sheraton Hotels, Philadelphia, Pa.
June	8-20	Graduate School of Banking, Rutgers University, New Brunswick, N. J.
June	29- July 1	Committee on Savings Management and Operations, Including Committee on Electronics, Savings and Mortgage Division, Skytop Lodge, Skytop, Pa.
Oct.	15-16	Western Regional Trust Conference, St. Francis Hotel, San Francisco
Oct.	25-28	85th Annual Convention, Miami Beach, Fla.
Nov.	5-6	28th Mid-Continent Trust Conference, Statler Hotel, Detroit, Mich.
Nov.	9-10	8th Annual National Agricultural Credit Conference, Netherland-Hilton Hotel, Cincinnati, Ohio

State Associations

May	31- June 2	Oregon, Marion Hotel, Salem
June	3-4	Indiana, French Lick - Sheraton Hotel, French Lick
June	3-7	Dist. of Col., The Homestead Hotel, Hot Springs, Va.
June	4-6	Utah, Utah Hotel, Salt Lake City
June	5-6	Connecticut, Equinox House, Manchester, Vt.
June	7-9	Idaho, The Lodge, Sun Valley
June	9-10	Minnesota, St. Paul Hotel, St. Paul
June	11-13	Washington, Olympic Hotel, Seattle
June	11-13	Wyoming, Casper
June	13	Nevada, Hotel Riverside, Reno
June	15-17	Wisconsin, Schroeder Hotel Milwaukee
June	18-20	Michigan, Grand Hotel, Mackinac Island
June	18-20	Montana, Grand Canyon Hotel, Yellowstone Park, Wyo.
June	18-20	Virginia, The Homestead, Hot Springs
June	19-20	*New Hampshire, Wentworth - By -The - Sea, Portsmouth
June	19-20	*New Hampshire Savings Banks, Wentworth-By-The-Sea, Portsmouth
June	19-20	New Jersey Savings Banks, Monmouth Hotel, Spring Lake
June	19-20	Vermont, Equinox Hotel, Manchester
June	19-21	Maine, Poland Spring House, Poland Spring
June	25-26	New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.
July	9-10	Western Secretaries Conference, Glacier National Park, Mont.
July	23-25	West Virginia, The Greenbrier Hotel, White Sulphur Springs

*Joint meeting

Aug.	2-4	Central States Conference, Stanley Hotel, Estes Park, Colo.
Aug.	9-21	Colo. School of Banking, Univ. of Colo., Boulder
Aug.	9-27	Ill. 14th Annual Trust Develop. School, Chicago Campus, Northwestern Univ.
Sept.	8-18	Ill. 7th Annual School for Develop. of Jr. Exec., Southern Ill. Univ., Carbondale
Sept.	10-12	Maine Savings Banks, The Balsams, Dixville Notch, N. H.
Sept.	17-19	Massachusetts Savings Banks, Wentworth-By-The-Sea, Portsmouth, N. H.
Oct.	8-10	Connecticut Savings Banks, The Greenbrier Hotel, White Sulphur Springs, W. Va.
Oct.	11-12	Nebraska, Sheraton Fontenelle Hotel, Omaha
Oct.	16-17	New Hampshire (Fall Meeting), Mountain View House, Whitefield
Oct.	16-21	New York Savings Banks, S. S. Nieuw Amsterdam, Cruise to Bermuda
Oct.	18-20	Kentucky, Brown Hotel, Louisville
Nov.	1-4	Iowa, Fort Des Moines Hotel, Des Moines
Nov.	12-14	Arizona, Biltmore Hotel, Phoenix

Other Organizations

June	25-27	Consumer Bankers Association Atlantic States Sectional Meeting, Wiaano Club, Hyannis, Mass.
July	19- Aug. 1	NABAC School for Bank Auditors and Comptrollers, Univ. of Wis.
Aug.	9-21	CBA School of Consumer Banking, Univ. of Va., Charlottesville
Sept.	21-23	NABAC 35th Annual Convention, Statler Hotel, Boston, Mass.
Sept.	21-24	46th Annual Convention, Mortgage Bankers Assn., Hotel Commodore, New York City
Sept.	23-25	Annual Convention, National Association of Bank Women, Milwaukee, Wis.
Oct.	4-7	Robert Morris Associates, Annual Fall Conference, Edgewater Beach Hotel, Chicago, Ill.
Oct.	12-14	1959 International Systems Meeting, Systems and Procedures Assn. of America, Royal York Hotel, Toronto, Canada
Oct.	14-17	Consumer Bankers Association 39th Annual Convention, Warwick Hotel, Philadelphia
Oct.	20-23	National Association of Supervisors of State Banks, 58th convention, Diplomat Hotel and Country Club, Hollywood-By-The-Sea, Florida
Nov.	1-5	Financial Public Relations Association, Americana Hotel, Bal Harbour, Fla.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

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Glamorizing Service Sales Techniques

ROMANCE, admiration, security, sincerity, and prestige are the five basic emotions that motivate women in their choice of products . . . and of bank services, according to Virginia O. Valentine, advertising manager of the State Planters Bank of Commerce and Trust, Richmond. In an address before the Tri-Regional Conference of the National Association of Bank Women at Pocono Manor (Pa.) Inn., Miss Valentine asked: "How many banks place their bank ads on the women's pages? How many bank ads really have glamour or romance?" She answered, "Very few!"

Miss Valentine explained how her bank glamorizes its promotion of special checking accounts by building it around high fashion and name designers. "The ads tie fashion and prestige of [designer] dresses with Chex," she said. Even the bank's Chexbook is glamorized—it is a mellow red, "as fashionable as her other accessories." (The bank's ads have created a demand at the department stores for the gowns featured.)

In its outdoor billboard advertising, the State Planters features a beautiful girl in high fashion with the caption, "Cute Chicks Check with Chex." This year the bank won the top national award for local advertisers given by the Outdoor Advertisers Association of America.

Miss Valentine commented, "We try to give them what they want."

"We welcome new people into our community, which was and still is the world-famous 'Rose City,'" Mary Grace Long, assistant secretary, Trust Company of Morris County, Madison, N. J., told the 240 conference delegates. Miss Long, herself, calls upon the women. She presents each newcomer with a red rose on sunny days or a yellow rose on cloudy days. "It is surprising," she said, "how helpful we can be to people trying to get settled. We are able not only to supply names of butchers, doctors, lawyers, and ministers, but even the names of baby sitters."

Miss Long said that "business and industrial concerns moving into the area are called on by an officer of the bank." A triplicate card index is made on these calls. One copy is circulated on the officers' platform, another is sent to the Credit Department, and the third copy is sent to the Public Relations Department.

"To sum it up, I believe that the keynote of trust business is service to the best of the trustman's ability," Deborah Greenberg, assistant trust officer, Boston (Mass.) Safe Deposit and Trust Company, said in a talk on "The Trust—Its Human Relationships."

While telling of the varied ser-

The dais at the conference banquet. *Left to right*, Miss Rutt, F. S. LaBar, vice-president, Monroe Security Bank & Trust Co., Stroudsburg; Mrs. Edgecomb; the Rev. H. C. Eaton, Stroudsburg; Miss Engel; Mrs. Ingram; Mayor Hock; Miss Rhinehart; Mrs. Hock; Gerald M. Possinger, mayor of Mt. Pocono, Pa.; and Miss Gaulette



vices her trust company is called upon to perform for trustors, Miss Greenberg related several unusual, though highly useful, assignments in caring for surviving spouses, children, other relatives, and for cats, dogs, and other animals.

Buster Is Left a Fortune

In 1944, for example, an unmarried lawyer left a substantial part of his estate for the support and care of his pet cat "Buster." At his death the trust remainder was to be divided among relatives, who were admonished to be kind to Buster. One relative, it was alleged, slapped Buster's face and this created a turmoil, and possibly hastened Buster's early demise. Newspaper publicity about Buster resulted in several kittens being delivered to the bank for care and custody.


Other speakers included Nell C. Saylor, assistant cashier, Burke & Herbert Bank & Trust Co., Alexandria, Va., on "Instalment Age"; Charlotte A. Engel, trust officer, National Savings and Trust Co., Washington, D. C., president of NABW; Helen L. Rhinehart, vice-president, Brenton Companies, Des Moines, Iowa, vice-president of NABW; Julius C. Bernstein, principal, Weequahic High School, Newark, N. J.; and Donald V. Hock, mayor of Allentown, Pa.

NABW regional vice-presidents participating in the conference included Betty E. Ingram, assistant vice-president and secretary, Alltoona (Pa.) Trust Company; Pauline B. Edgecomb, trust officer, The New England Trust Company, Boston; and Pearl Gaulette, assistant secretary, Bank of America, New York. A. Joyce Rutt, secretary, Monroe-Security Bank & Trust Co., Stroudsburg, Pa., was conference chairman.

NABW Tri-Regional Conference Speakers Saylor, Greenberg, and Valentine



you can bill **6** to **36** payments for **4¢** postage using Allison Coupon Payment Books

PAYMENT RECORD		CODE	DAY DUE	ACCOUNT NUMBER	DOLLARS	CENTS
IF PAID BY MAIL					21	00
DATE	CK. OR M.O. NO.	PAYMENT NUMBER	PAY THE EXACT AMOUNT ABOVE			
	PAYEE'S SIGNATURE INDICATES RECEIPT OF AMOUNT SHOWN ON COUPON	2	FILL IN AND SEND OR BRING THIS COUPON WITH PAYMENT			
TELLER'S STAMP		TODAY IS A GOOD DAY  TO START SAVING		LATE CHARGES \$ TOTAL \$		
FIRST NATIONAL BANK						
MONTH DUE		FEB. MAR. APR. MAY JUN. JUL. AUG. SEPT. OCT. NOV. DEC. JAN.				
NAME		ADDRESS				

This small, light coupon book eliminates high postage costs and usually pays for itself within thirty days.

The Allison Coupon Payment book notifies the borrower of each due date, identifies his remittances for credit and verifies all posting and balancing.

These features do away with many repetitive tasks and expenses, prevent errors and increase level payments.

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Firm _____

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City and State _____

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coupon
for samples
and complete
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*You won't find it in the dictionary...
or at any other bank*

You'll find it only at Union Bank, where Money Engineering was conceived and developed. To our correspondents throughout the world, Money Engineering means speed of transit service calculated in minutes, not miles. Discover how Money Engineering can bring new efficiency to the clearing of your Southern California transit items. Call, write or wire today.

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION AND FEDERAL RESERVE SYSTEM

Trust Audits

(CONTINUED FROM PAGE 49)

The auditors should verify interest computations on notes and mortgages.

3. Control of Assets Received and Delivered. The auditor should be advised of all opened and closed accounts. As to new accounts, he should check whatever records are necessary for the purpose of determining that all assets have been controlled. These records might include receipts, appraisals, inventories, and instruments creating accounts. Such assets should be controlled promptly on the trust department's books upon receipt.

A continuous audit of purchases and sales is desirable. The auditor should recognize and understand that a trust department generally is prohibited from buying or selling property of any type on behalf of a fiduciary account to or from itself, an affiliate, or subsidiary, or to or from a director, officer, or employee of the institution.

4. Verification of Commission Charges. The auditor should have some system for verifying the trust department's income. As an aid in this work, he might be furnished with a copy of each statement or accounting rendered by the department.

5. Reconciliation of Trust Department Cash. Generally, the trust department carries an account with its own banking department and in many respects is treated just like any other customer. It is desirable, however, for this account to be reconciled on at least a monthly basis by someone outside the trust department.

Equipment Users and Makers

New Character-Sensing Equipment Demonstrated

International Business Machines Corporation recently demonstrated new character sensing equipment for reading magnetic ink characters on imprinted checks and deposit slips and transmitting the information into data processing systems. The announcement said the Rhode Island Hospital Trust Company,

(CONTINUED ON PAGE 102)

...adequate.....in their day...

BUT...

**modern banking
requires
modern protection!**

The fundamentals of locking a door are
the same today as they were a
hundred years ago. Only the
techniques and devices have changed.
Modern bank protection involves
much more than locks —
no matter how perfect.

In supplying blanket bonds and other types of
insurance to fill this need we offer a
broad and intimate knowledge of modern
protection plus the ability to meet individual requirements.
For complete protection insist on Federal coverage.



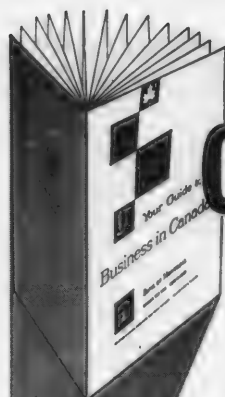
FEDERAL INSURANCE COMPANY

into which has been merged

THE UNITED STATES GUARANTEE COMPANY

CHUBB & SON, Managers

90 John Street, New York 38, N. Y.



For Your *Clients* **CANADIAN**

Patent, Copyright and Trademark...

regulations are outlined in "Your Guide to Business in Canada," just published as a service to American executives by Canada's First Bank. Many other essential subjects, including Canadian taxes and company formation, are discussed.

This booklet is one of a number of B of M publications which may help you render broader service to your Canadian-minded customers. For a free copy write on your bank letterhead to our nearest U. S. office or to the Business Development Department, Head Office, Montreal.



BANK OF MONTREAL

Canada's First Bank Coast-to-Coast

BRANCHES IN ALL TEN PROVINCES
District Headquarters:

Halifax, Toronto, Winnipeg, Calgary, Vancouver
NEW YORK: 64 Wall St. • SAN FRANCISCO: 333 California St.
CHICAGO: Special Representative's Office, 141 West Jackson Blvd.

Head Office: Montreal

750 BRANCHES IN CANADA, U.S., GREAT BRITAIN AND EUROPE • RESOURCES EXCEED \$3,000,000,000

Now! A NEW LINE OF ABBOTT COIN COUNTERS

49N and 75N with exclusive



- Dual electronic controls to eliminate operator fatigue.
- Electronic foot control.
- Patented friction disc to maintain high-speed under overload conditions.
- Compact streamlined styling that saves 20% counter space.
- Improved coin bag holder and many other features.

These famous Abbott Coin Counters, leaders of the field for many years, have been completely re-engineered, setting new standards for speed, accuracy and ease of operation.

ABBOTT 75N. This extra heavy duty counter for continuous high speed operation is rugged and compact. Guaranteed at more than 3000 coins per minute. See these new Abbott Coin Counters. Arrange for a trial today.



ABBOTT COIN COUNTER CO., INC. 144th Street and Wales Avenue
New York 54, N. Y. LU 5-1200

(CONTINUED FROM PAGE 100)

Providence, was one of the first banks to order the machine for electronic check sorting.

New Money Order Check Passes Bank's Field Test

A successful 2-month test of automatic processing of a new type paper money order was reported at NABAC's New Orleans conference by Alvin J. Vogel, vice-president, Central National Bank, Chicago. The bank, its customers, and equipment maker and a printer cooperated. The checks were perforated with visually readable characters by a Cummins encoder, on forms furnished by Protectu Bank Note Corp. Less than 1/10th of 1% of the total checks handled were mutilated or unusable. Mr. Vogel reported. He emphasized that the system was not a substitute for magnetic ink coding, but rather was for banks unable to use that method.

Electronics Seminar On Bank Automation

A seminar on bank automation, including the equipment that will read, transmit and picture signals from magnetic ink characters, was sponsored by the Todd Company Division of Burroughs Corporation in Rochester, N. Y. Sessions were held at 2-week intervals.

Data Processing Equipment Punches Tape, Cards

A data processing machine that simultaneously punches tape or cards as a by-product of regular accounting jobs is offered by the Monroe Calculating Machine Company. A control chassis contains a plugboard permitting the equipment to be programed in the user's office. A removable encoder board permits choice of a 5-, 6-, 7- or 8-channel tape, or direct connection to an IBM 024-card punch.

Identification for Check Cashers

Chemical Corn Exchange Bank, New York City, is providing its regular checking account customers with a combination courtesy-identification card that enables them to cash checks at any of the 94 offices. The card is engraved on safety paper and each is registered.

P·G^{and}E.

53rd ANNUAL REPORT 1958



At 6,500 feet elevation
in the High Sierra,
workmen set reinforcing steel
on the face of P.G. & E.'s
Wishon Dam

REVENUES AND SALES:

Gross operating revenues from all sources reached an all-time high of \$534,778,000 in 1958, an increase of \$33,534,000 or 6.7% over the previous year.

Total unit sales of both the Electric and Gas Departments were substantially the same as in the previous year, which on the surface might appear to indicate that the business recession had a material impact on the Company's business. The fact is, however, that sales in both departments were severely restricted by climatic conditions. Under normal climatic conditions both departments would have shown satisfactory overall gains in sales.

NET EARNINGS:

Net earnings available for the common stock amounted to \$66,974,000, or \$8.690,000 greater than in the previous year. These earnings were equivalent to \$3.83 a share based on an average of 17,502,415 shares outstanding during the year. This compares with earnings of \$3.41 a share based on the average number of shares outstanding in the previous year.

DIVIDENDS:

The Board of Directors on December 17, 1958 increased the quarterly dividend rate on the common stock from 60 to 65 cents a share. While applicable to the last quarter of the year, the first dividend at the new rate was not paid until Jan. 15, 1959.

CONSTRUCTION:

Late in 1958 the two billionth dollar was spent on the Company's postwar program of expansion, and it is expected that about \$156 million will be spent for this purpose in 1959. The proceeds from securities sold to date to finance this program—bonds, preferred and common stocks—have amounted to almost \$1.4 billion.

The principal feature of our construction activities in 1958 was the completion of 685,500 kilowatts of electric generating capacity, consisting of both steam and hydro units. Our installed electric generating capacity now totals 5,219,000 kilowatts in 76 plants.

GAS SUPPLY:

In 1958 approximately 72% of our total natural gas supply originated from out-of-state sources, principally from fields in Texas and New Mexico.

With a view to obtaining an independently controlled natural gas supply, the Company is continuing its efforts to obtain a permit through its wholly-owned subsidiary, Alberta and Southern Gas Company, Ltd., to export natural gas from the Province of Alberta in Canada.

NUCLEAR POWER:

Much progress was made during the year toward the goal of producing nuclear power at a cost competitive with conventional

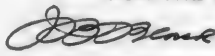
plants. The Company has been actively engaged in this field since 1951, and is now engaged in more nuclear projects than any other electric utility.

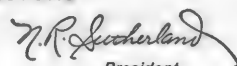
While the Company will undoubtedly continue to build conventional electric generating plants for many years to come, recent advances in reactor technology suggests the possibility that competitive nuclear power plants will become a reality much sooner than was thought likely only a few years ago. The Company intends to stay in the forefront of developments in this field.

OUTLOOK:

Taking a realistic view of the future, it must be recognized that the Company's well-being as a business enterprise will depend largely upon the wisdom with which governmental policies are formulated and administered. Policies calculated to encourage further encroachment by governmental agencies into the commercial power business, or policies that would result in further inflation and erosion of the purchasing power of the dollar, would be harmful not only to investors but to our customers and employees as well. Stockholders are urged to take a strong stand against any such policies and to make their views known to their elected representatives.

FOR THE BOARD OF DIRECTORS


Chairman of the Board


President

PACIFIC GAS and ELECTRIC COMPANY

245 MARKET STREET, SAN FRANCISCO 6, CALIFORNIA

For more information on this dynamic company write K. C. Christensen, Vice President and Treasurer, 245 Market St., San Francisco 6, for P. G. & E.'s 1958 Annual Report.

A.B.A.'s \$600,000 Gift to Rutgers University

(CONTINUED FROM PAGE 52)

Mr. Reese pointed out that Dr. Stonier, from the school's inception, wanted to have the whole student body meet together twice each day. He felt that this practice would build an esprit de corps that could not be built in any other way. "He carried out this program through the years," he said, "and the school was limited by the fact that there was not a place where more than the 1,050 could be gathered together for two meals each day.

"Many large institutions in this country could not send as many men to the school as they wanted to and there are many sections of the country that have not been well enough represented at Rutgers. So it was a great problem to solve."

He commended Dr. S. Sherman Adams, deputy manager of the A.B.A. and director of the school, and William Powers, senior deputy manager of the A.B.A. and school registrar, for their work with the officials of Rutgers in solving this problem by developing the program under which the Association's gift is to be made.

As a memorial to the late Dr. Harold Stonier, The Graduate School of Banking will be renamed The Stonier Graduate School of Banking, effective September 1, 1959, as is reported in the previous pages.

Dr. Stonier's Charge to G.S.B. Freshmen

DURING his tenure as director and later as dean of The Graduate School of Banking, Dr. Harold Stonier gave this charge to each freshman class:

YOU have been accepted by the committee on admissions; you have attended your first classes; you have broken bread with us at our tables. Now, for the first time you stand together as a group. Henceforth you are the Class of 19—.

This is a difficult time in which to leave your accustomed tasks to take on additional work of this character. In doing so, you reflect high courage and sincere loyalty. These are the qualities which will make you outstanding as the Class of '—. Your coming here testifies to the virility of our banking system and to its hopes of future service to the country.

During your courses here you will gather around the dining tables 115 times. Make the most of these opportunities in the realm of friendship. By virtue of this simple act of dining together, it is possible to become better acquainted with men from all sections of the country. That experience is an education in itself.

If you are as wise as we believe you are, during the time ahead you will have many informal chats with the men on this faculty staff. Without reservation, the greatest asset of the Graduate School is its faculty. It rekindles one's faith in human nature and in banking to know that a corps of busy and highly trained men are willing to assume the added responsibilities imposed upon them by taking leadership in this educational enterprise. Their hearts as well as their minds have been in this undertaking, and that is why it has succeeded.

We all welcome you. We are here to help you. In turn, we shall depend on you as individuals and as a group to maintain the educational standards which the classes before you have established.

You will find no great formality here. However, this is not a convention. Such gatherings have their own time and place, but in organization and operation The Graduate School of Banking is unique. Our social activities here are not those of convention gatherings. May I urge upon you, therefore, the necessity of keeping this distinction clearly in mind during the ensuing two weeks.

Be yourselves, for we know that when you are, you will be gentlemen worthy of the ideals of The Graduate School of Banking and of Rutgers University whose buildings and grounds we use and whose sincere goodwill and helpfulness come from every department of the institution with which we are cooperating in this effort in adult education.

Gentlemen, we are glad you are here.

The 1958 student body is shown in the Commons during a meal. The lectern, where Dr. Stonier so often addressed the student body, is shown in foreground





man-on-the-spot *in Vienna*

Do your interests in Vienna call for first-hand supervision? This Bank of America man has the skill and experience it takes to handle the job.

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Future "Mobile Citizens" Win MSU Scholarships

Foremost Insurance Company of Grand Rapids presents two of three \$500 scholarships recently awarded to Michigan State University seniors majoring in the university's mobile home curricula. Awards are based on scholastic achievement, participation in mobile home club activities and financial need.

One of the honored students is specializing in park development courses, another in mobile home manufacturing, and a third in mobile home marketing.

Park Operators Plan Continued Expansions

In a recent survey of a nationwide cross section of park operators all indications point to even greater growth for the mobile home industry.

Responding parks estimate an average addition of 6.7 spaces per park this year, which would indicate an over-all total of 95,800 added spaces in existing parks.

These operators expect to spend over \$5,000 per park on improvements during 1959—projecting to an estimated national total of more than \$72-million in improvements!

They reported spending an average of \$5,610 on 1958 improvements—or a projected national expenditure of over \$78-million; and an average of 8.2 spaces added per mobile home park—a total increase estimated at nearly 115,000 more spaces for a growing volume of mobile homes!

Increasing interest in development of mobile home parks has resulted in the production of an expanded "Mobile Home Park Planning Kit" by the Mobile Home Manufacturers Assn. Filled with vital facts, data and ideas the kit is available to businessmen and developers.

More "Deluxe" Deliveries

During a recent month, 49 manufacturers reported shipping 853 new mobile homes equipped with automatic washers, 96 with dryers, 91 with combination washer-dryers... and a number of units with food freezers, garbage disposals, air conditioners! And, under special contract, the first 62 ft. 12-wide mobile home was manufactured in Indiana for a customer in New England.



THESE INFORMATIVE HIGHLIGHTS ON ONE OF AMERICA'S IMPORTANT INDUSTRIES ARE PRESENTED IN THE HOPES OF BETTER UNDERSTANDING OF MOBILE LIFE... BY

FOREMOST

INSURANCE COMPANY

Grand Rapids 3, Mich.

No. 1 SPECIALIST IN
MOBILEHOME PROTECTION

G.S.B. to Be Renamed for late Harold Stonier

(CONTINUED FROM PAGE 51)

the best possible way for the membership of the A.B.A. to memorialize Dr. Harold Stonier, and after conferring with many of the leaders in American banking, including past presidents of the Association and others, we are confident that this action will not only meet with the general approval of the members of our Association, but it will be worthy of one who dedicated his life to education in banking—which was reflected in so many ways, particularly in the founding and development of The Graduate School of Banking, in which he took the active and leading part throughout the long years of his work in the American Bankers Association."

Members of Memorial Committee

Members of the Harold Stonier Memorial Committee, appointed in 1957 by Joseph C. Welman, president of the Bank of Kennett, Mo., then president of the A.B.A., are: Chairman Florence; Loring L. Gelbach, chairman, Central National Bank, Cleveland; the late Robert M. Hanes, honorary chairman, Wachovia Bank and Trust Company, Winston-Salem (A.B.A. president in 1939); F. Raymond Peterson, chairman, First National Bank of Passaic County, Paterson, N. J. (A.B.A. president in 1949); Everett D. Reese, chairman board of regents, G.S.B., and chairman, The Park National Bank of Newark, Ohio (A.B.A. president in 1953); R. E. Reichert, president Ann Arbor (Mich.) Bank; Harry R. Smith, vice-president and Chicago representative, Bank of America N.T. & S.A.; Robert W. Sparks, executive vice-president, The Bowery Savings Bank, New York; A. L. M. Wiggins, chairman, The Bank of Hartsville, S. C., (A.B.A. president in 1943); and William Powers, registrar, The Graduate School of Banking, and senior deputy manager, American Bankers Association, New York.

No married man can understand what a bachelor does with his money.

Many persons believe that work isn't a bad thing if it doesn't interfere too much with your leisure.



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A Unanimous Decision

At the conclusion of his recommendation, Chairman Florence pointed to the unanimity of the decision of his committee, stating that "before the passing of our dear friend, Bob Hanes, I personally talked with him on the telephone and he heartily approved and strongly recommended the proposal" to change the name of the school.

Tribute to the First G.S.B. Faculty By Dr. Harold Stonier

TRIBUTE was paid to the first faculty of The Graduate School of Banking by Dr. Harold Stonier in an article carried in the June 1947 issue of *BANKING*. His tribute included these remarks:

"Without reservation, the greatest asset of the Graduate School is its faculty. It rekindles one's faith in human nature and in banking to know that a corps of busy and highly trained men are willing to assume the added responsibilities imposed upon them by taking leadership in this educational enterprise. Their hearts as well as their minds have been in this undertaking, and that is why it has succeeded.

"This statement is made each year by the director of the school to the men in succeeding incoming freshmen classes at the time of their first meal together as students of The Graduate School of Banking. Every man who has graduated from the school is able to testify to the validity of this statement. All of us who have been connected with the school in any way have cause to be indebted to the group of men who made up the original faculty 12 years ago. Nine of them are still on the faculty staff. Since 1935 many other men have been added to the faculty in various courses. Some of the courses now being offered were not in the curriculum when the school began its work. These later faculty men have added both to the spirit of the school and to the content of the courses of study. They have maintained high standards of instruction. At the time of this writing, however, I am thinking primarily of the original group of faculty men because of the pioneering work they did."

Interested in doing business in Canada?

If so, you will find concise, helpful information in the completely revised new edition of *The Bank of Nova Scotia's memorandum on Income Taxes and Other Legislation Affecting Canadian Enterprises*.

You can obtain your free copy of this BNS booklet by filling in and mailing the coupon below.

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New York Agency: 37 Wall Street. Chicago Representative:
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London Offices: 24-26 Walbrook, E.C.4; 11 Waterloo Place, S.W.1.
Correspondents wherever men trade.

Processing Personal Loans

(CONTINUED FROM PAGE 62)

letter, as mentioned earlier, is mailed to the borrower when the loan is paid up. At the outset of the loan transaction, this letter is folded in half and inserted in a window envelope with customer name and address, nature of loan, and

other pertinent data clearly visible. The envelope is used for all loan papers. Jacket is filed by class of loan and then alphabetically by customer name.

Loan Register Copy, printed on different color paper according to the type of loan to prevent misfiling. This is the "work horse" copy and is used for daily control of personal loan activities. At the close of each business day, for example,

all loan register forms are placed on a unit analysis peg bar to facilitate tabulations. By cross-adding, control totals are reached for discounts, fees, reserves, insurance, and proceeds.

Combination Alphabetical Index Card and Paid-Out Record, replacing two pieces of paper-work formerly used. When a loan is paid out, the index card is removed from the file. Paid-outs are classified each business day by class of loan and the control factor. Control totals are obtained by processing the figures in a wide carriage adding machine. The paid-out index card is filed in the binder as detail supporting the control totals. Then the combination jacket insert and letter to customer is removed and the paid-out record form is inserted in its place to indicate the paid-out status of the account.

Loan Ledger Card, like the above copy, facilitates several major control activities during the loan.

Availability of Data

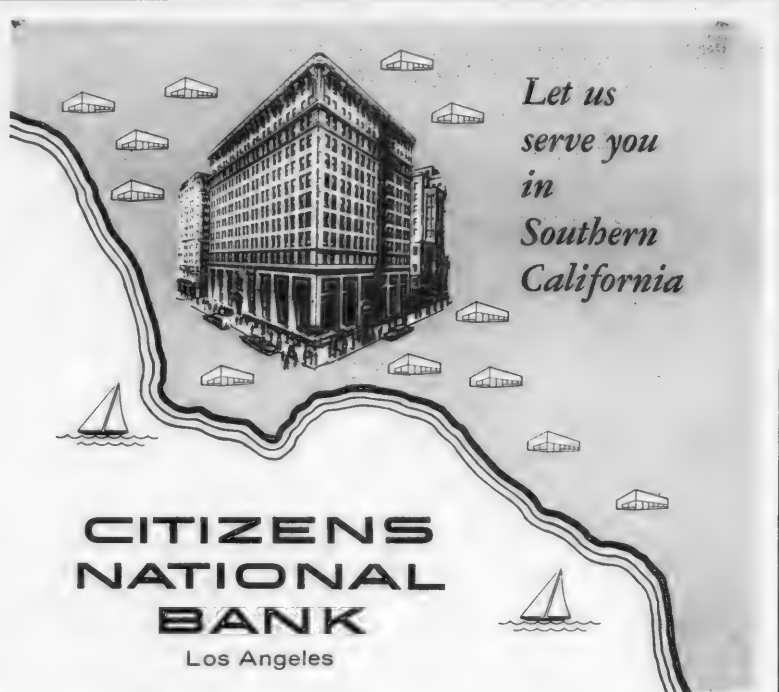
It's important to insure that all needed information relating to each loan is correctly recorded. The same can be said of checks and balances to protect against error, inefficiency, and even dishonesty. Both are built into our control system. It can also be argued that these elements are equalled in importance by the "finding" factor. By that we mean that information recorded on the thousands of records and forms that make up our personal loan business has to be readily available at all times. And the system must be so designed that the mass of paper work can yield pinpointed records on all aspects of the operation.

The "finding" and reporting factors are both facilitated by the marginal notched holes on the two forms — the index file record — paid out record and the loan ledger card.

Ledger Cards

By code notching these holes, various information is made readily available. Ledger cards can be notched for the following factors: number control, letter control, collateral, type of loan, date due, account number, and loan number.

After the cards have been notched for these factors, they can be rapidly classified or sorted for any subsequent sorting or classification of ledger cards.



For Constant Percent Payments...

If you are concerned with loans or leasebacks where the payment is set as a constant annual percent of the original amount, then you will want to know about our new "Constant Percent Table", just published.

For example, payments may have been set at 8% of the original amount (actually payable $\frac{1}{12}$ th each month, or $\frac{1}{4}$ th

each 3 months). Then if the interest rate is 5%, the Table will show the term as 19 years 8 months, and the amount paid off at 5 year intervals.

Depreciation schedules are also included.

Handy size, $5\frac{1}{4} \times 3\frac{1}{2}$, 288 pages. Price \$3. Specify publication No. 87. Gladly sent on approval.

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These millions of people, many introduced to financial institutions for the first time by Christmas Club a Corporation, are prospects for *all* your services. They are your best source for profitable new business.

When you offer Christmas Club service and display the famous emblem of Christmas Club a Corporation, you invite them through your doors.

**Christmas Club
a Corporation**

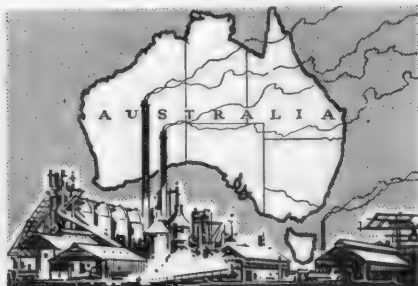
Founded by Herbert F. Rawll

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AUSTRALIA OFFERS opportunities for industries

United States investment in Australian industry already totals over 500 million dollars. With its rapidly expanding local market and proximity to South-East Asian markets, Australia continues to provide opportunities for industries.



If you are interested in Australia and require industrial, economic, or market information, you are invited to use the comprehensive facilities of the Bank of New South Wales, the oldest and largest

commercial bank operating in Australia, New Zealand, Fiji, Papua and New Guinea, with over 1,000 branches and agencies.

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International Division — John W. McEwen, Manager.

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NEW ISSUE

May 14, 1959

449,704 Shares

Marine Midland Corporation Common Stock

(Par Value \$5 Per Share)

Holders of the Company's outstanding Common Stock are being offered the right to subscribe at \$22 per share for the above shares at the rate of one share for each twenty shares of Common Stock held of record on May 12, 1959. Subscription Warrants will expire at 3:30 P.M., Eastern Daylight Time, on June 1, 1959.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and, both during and following the subscription period, may offer shares of Common Stock as set forth in the Prospectus.

Copies of the Prospectus may be obtained from any of the several underwriters, including the undersigned, only in States in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed.

The First Boston Corporation

Eastman Dillon, Union Securities & Co.

Schoellkopf, Hutton & Pomeroy, Inc.

Granbery, Marache & Co.

Pension Plans

(CONTINUED FROM PAGE 58)

setts, and Wisconsin. Other states are now considering such action. California, New York, and Connecticut laws apply only to jointly administered union welfare funds and not to either private pension funds or public employee funds. Washington, Massachusetts, and Wisconsin laws apply to employer-administered plans as well.

Further State Regulations Contemplated

While the Federal law merely requires that plans disclose certain facts about their operations, state laws contemplate actual regulation. All six states have the right to examine welfare funds located within their borders, as well as to prescribe the form of annual statement to be filed, and most of these laws, in contrast to the Federal Disclosure Act, provide stiff penalties for failure to comply. The state laws are administered by the insurance commissioner or jointly by the insurance commissioner and the banking commissioner. In most of these states, the regulation of union welfare funds will be nearly as strict as the supervision of insurance companies, with a few exceptions, principally the omission of any attempt to regulate the investment of the funds. Strict supervision by state authorities currently holds more promise of effective protection of welfare plan members and beneficiaries than the relatively weak disclosure law enacted by the Federal Government.



"I think it's shock, doctor . . . my budget balanced."

The Cleveland Trust Company with the largest branch
banking system between New York and California
uses many **BRANDT** Automatic Cashiers



Interior view of a branch of The Cleveland Trust Company, showing eight Brandt Automatic Cashiers.



Exterior view of Main Office of The Cleveland Trust Company.

The Cleveland Trust Company, Cleveland, Ohio, is renowned, among other reasons, because it has the largest branch banking system between New York and California; to be exact, it has a total of 69 banking offices.

A bank of this size requires a large number of Brandt Automatic Cashiers (coin paying machines) to give the best of service to its more than 700,000 customers. 427 of these machines are in use by The Cleveland Trust Company. The first machine was installed in the year 1913, additional machines have been acquired as needed by the growth of this great bank.

BRANDT AUTOMATIC CASHIER COMPANY
WATERTOWN

Established 1890
Brandt® Cashier®

WISCONSIN

Opportunity

(CONTINUED FROM PAGE 56)

bitterness or rancor. They taught me that it was not enough just to pray for a bounteous crop on the farm; the crop must be planted and carefully cultivated—which is another way of saying I learned that work is the door to opportunity for those prepared to enter.

I know that one must have the help of God to develop a life worthwhile and that when one prays, "Lord, Thy will be done in my life," it should be with a sincerity that per-

mits God to design the pattern of life.

There is a poem by Ella Wheeler Wilcox which played a great part in my thinking and planning:

*One ship drives east,
Another west,
With the self-same gale that blows;
'Tis the set of the sail,
And not the gale,
That determines the way we go.*

Truly, the set of the sail determines the way one goes, and I thank God that I have the privilege of living in America where one may set his own sails. Opportunity is the

greatest gift that a country can present to its sons and daughters.

Without any money, at age 17 I decided to be a banker. The vocation appealed to me and the opportunity for service seemed to be very great. My ambition was constantly before me, and at every opportunity I fed this ambition with planned action.

If I should have one uppermost thought to give to young people today, it would be: "Prepare for opportunity, because it is coming your way in the U.S.A." I like very much the philosophy expressed in the thought, "He who builds no castles in the air, builds no castles anywhere," and in building those castles one must have under them the foundation of the right attitude toward life. It is my belief that attitude is of more importance than aptitude.

We live in an educational atmosphere, and we are reminded that one is educated only when he learns where to place the accents of life. Every worthy accent will include faith in God, and faith should run through each transaction in our profession or business as a thread runs through a string of pearls.

In the hard economic struggles of life, we need a deeper, mightier, more gripping concept of just what religion is and what it can do for the individual and the world. Even if the conditions of life were suddenly to be made perfect and no man were poor—if all men had a surplus of luxuries, if peace prevailed over the earth and development of the earth's resources went on continuously—even then life would be unsatisfying unless the deeper cravings of the spirit were satisfied.

There is no reason whatever why Christian faith and principles cannot be fitted into a dynamic economy made possible by modern technology and scientific achievement.

We know for a fact that opportunity still knocks in the United States of America, so let's take a positive approach to the problems of our country, looking toward maintaining the blessings of opportunity. Let's be sure that we exert every influence at our command to prevent our individual freedoms from being whittled away. Let's keep our country what it has been and what it now is: "The most blessed place this side of Heaven, a place where opportunity still knocks."

TAX-EXEMPT BONDS

More net income for banks

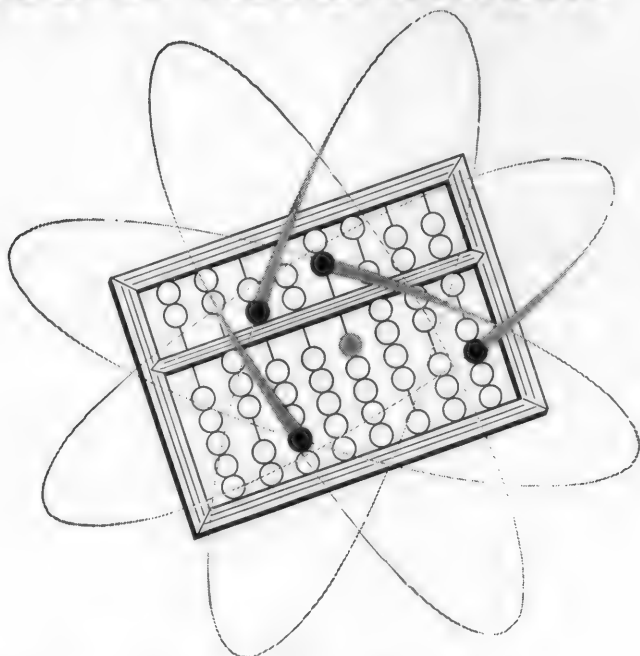
Today short term tax-exempt bonds actually return a bank more *net* income than do higher yield taxable securities.

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ABACUS or AUTOMATION?



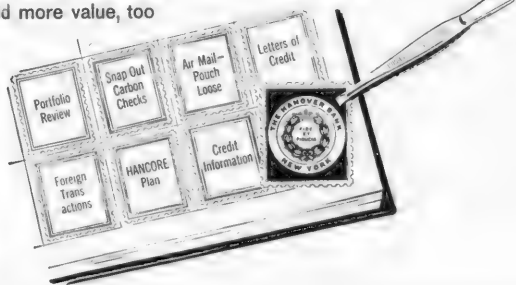
Does your correspondent use an abacus?

No? We don't at Hanover, either.

We use modern equipment, up-to-date methods, constant research. And we back this up with intelligent people . . . people who know what to do in a crisis and how to process a given item if and when machines fail.

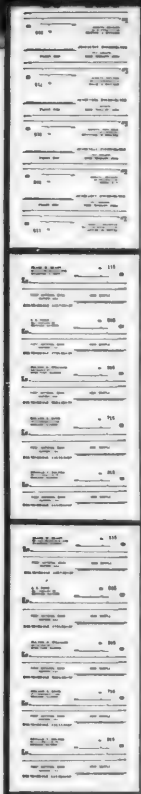
Another reason why it pays to correspond with . . .

Complete your set of correspondent services...
Add more value, too

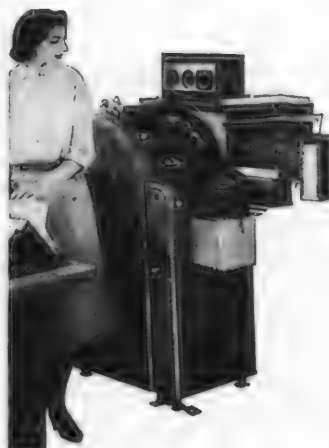


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Size Is No Barrier to EDP*

**Electronic Data Processing has possibilities for large and small banks, decided this banker after his bank explored the computer field. Here is the path that led to these conclusions*

This is a condensation of a talk by B. W. TAUNTON, assistant comptroller, The First National Bank of Boston, at the American Management Association's 5th Annual Electronics Conference in New York City. Here he brings up-to-date BANKING's special report of April 1958, "Preview — 60,000 Digits a Second."

THE trend toward "retail banking" has been accompanied by a need to find more efficient and economical ways to handle the mass of data that has resulted. About five years ago The First National Bank of Boston decided to look into the possibilities in the computer field. Its experiences may be helpful to other banks, both large and small.

To see if electronic data processing equipment could be used effectively, two applications were

selected: deposit accounting and corporate trust. These were considered extremes requiring large amounts although different kinds of clerical effort.

The internal speeds of the available computers were not significantly different, we discovered. Far more important were the speeds with which they could read and write large volumes of data. Using reading and writing capacity as our yardstick, we were led to the one large-scale system capable of handling our operations in a minimum of time.

What the "Specialists" Did

Our results were submitted to manufacturers to review and modify if they felt the calculations were substantially in error. And our cost department considered the economic feasibility of a computer system. The reports were favorable.

Next we called in a management consultant to review the feasibility studies and a computer expert to check our design and specifications. When they approved our findings and recommendations, we executed a contract in late 1956 for a system to be installed in 1958.

Immediately we began to plan for its operation by organizing a programming staff. The group, selected for experience and knowledge, was given a 6-week basic training course by the manufacturer. It was then split into teams assigned to the specific areas to be programmed.

Each team analyzed in detail the operations within its area and reported exactly how data would be processed completely—not just what the computer would do. The team reports were brought together and an over-all diagram was laid out as a basis for the development of a computer program.

This over-all diagram was then converted to the coded instructions used by the machine. This portion of the program took about 10% of the total time. We spent about 65%

of the time in defining the problem and about 25% in solving it.

After the equipment was installed, it was tested on actual operations and on special problems designed to test various components of the system. In testing actual operations we soon learned that it is very cumbersome to operate electronic equipment on a parallel basis with a manual or semi-automatic system. The approaches are so different that it is difficult to compare intermediate stages of data handling. Once convinced of the reliability and accuracy of the new equipment, we abandoned the old system entirely.

For those who might want to take a more critical look at this tool for business, here are the points we found important:

Five Important Steps

(1) Select one or two individuals to investigate the possibilities and to direct the installation and operation of a computer.

(2) Make your own evaluations rather than depend on manufacturers or engineers who may know the computer but don't understand the intricacies of your operations.

(3) Consider all the accounting problems, not just the most critical ones.

(4) With a computer you can expect better quality and quantity of work, but both of these can be dissipated if you insist that information be provided exactly as it always has been.

(5) In selecting the equipment, be sure that it is not limited to your present requirements, but that it can meet the requirements of future growth and expansion.

Our studies have convinced us that electronic data processing systems can be useful to a wide range of banks. They are available in a wide variety of sizes and prices. One should not arbitrarily assume that his organization is too small to make it economically feasible without carefully examining the possibilities.

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it's a window . . .

From the banking floor,
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Your security officer—or any other employee—can watch for “irregularities” on the banking floor through this window that’s a mirror on the other side. *Mirropane*®, the “see-thru” mirror, is low-cost security protection. *Mirropane* can now be obtained with *Parallel-O-Grey*® Glass to provide “see-thru” vision with light differentials as low as 3 to 1 between rooms. For information, call your L·O·F Distributor or Dealer (listed under “Glass” in the Yellow Pages). Or write to Dept. LM-269.



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12 PARK PLACE NEW YORK, N.Y.

Banks Can Be Protected

(CONTINUED FROM PAGE 43)

could leave the teller's window. The glass of clear liquid she used in threatening the teller was grabbed by the guard. It proved to contain water, not acid.

Some “amateur” robbers may descend upon banks as a gang. For example, in Waterbury, Connecticut, last year, four teenagers netted \$20,301 in a daring afternoon bank robbery. The youths—all residents of Waterbury—ranged from 14 to 19 years of age. Three of them entered the bank while the gang leader waited in the getaway car outside.

Following the robbery, the three oldest gang members deserted their 14-year-old confederate and flew to Miami Beach, Florida. They were merrily engaged in a wild spending spree 1,400 miles from Waterbury when FBI agents took them into custody—just 66 hours after the robbery.

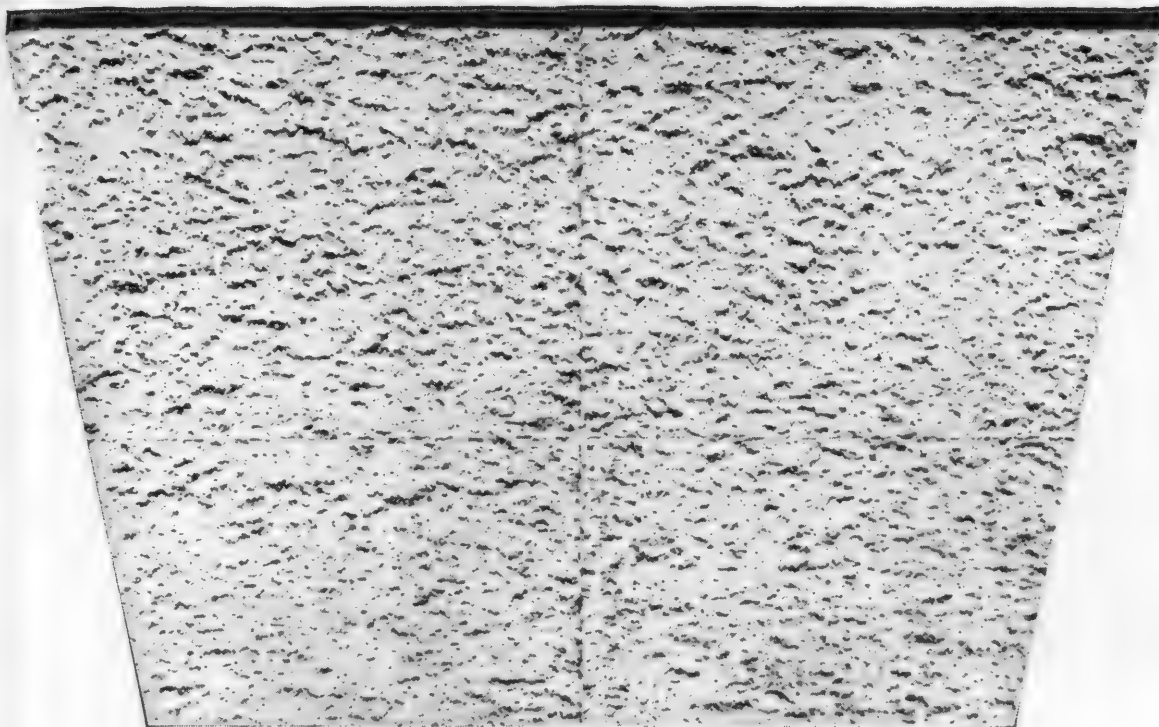
"Professionals' " Appraisal of Bank Robbery: Good Risk

Despite the growing prominence of “amateur” bandits in the bank robbery field, the fact remains that the majority of these crimes still are committed by experienced criminals. Following his release from a mid-western penitentiary last December, one professional hoodlum confided to the FBI that prison inmates are aware of the upsurge in bank robberies. He said that convicts consider a bank robbery to be the type of crime in which a large return can be expected at a minimum amount of risk.

The law enforcement profession has no reason to doubt this criminal's statements. We have, in fact, encountered cases which support his words. In California last year, a bank was robbed by a criminal only three days after his release from a prison farm. On the opposite coast—in New Jersey—a 31-year-old hoodlum staged a \$19,135 bank robbery less than 10 days after being released on parole.

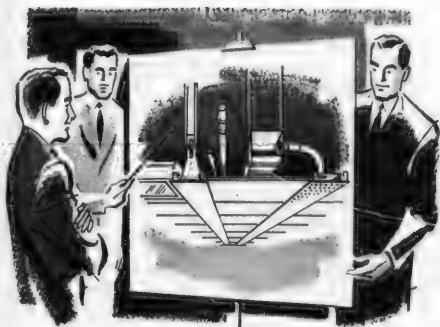
With one exception, the bank robberies cited in this article were solved—and the criminals responsible were taken into custody—within three days of the crime. In most

(CONTINUED ON PAGE 118)



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(CONTINUED FROM PAGE 116)

instances, the bandits were identified and apprehended the same day the crime occurred.

Quick solutions of bank robberies seldom are possible without the alertness and cooperation of the officials and employees of victimized institutions. And, of greater importance, many potential bank robberies can be thwarted if proper protective measures are zealously enforced. In this regard, every bank should insure that:

(1) The physical facilities of the institution do not "invite" assaults by robbers, burglars, or sneak thieves. The mere presence of burglar alarms, armed guards, steel gratings, and the like has discouraged many potential bank bandits.

(2) The bank has a positive security program for preventing criminal assaults. For example, all doors and windows should be double-checked before the bank is closed for the day; suspicious persons seen loitering in or near the bank should be reported; background inquiries should be made concerning all prospective bank employees; currency and securities should not be left in a place accessible to others when a teller leaves his post; the minimum amount of cash necessary for handling immediate transactions should be kept in tellers' cash drawers; and unnecessary routines should be avoided so that the actions of bank personnel do not follow the same predictable pattern.

When a bank robbery occurs, employees and other witnesses can help immeasurably if they will follow these 10 suggestions:

(1) Remain as calm as possible under the circumstances. "Cool-headed" persons are more observant

It's not easy to be content with a little, but it's much harder to be content with a great deal.

A towel is what a boy looks at to see if his face is clean after he has washed it.

The world is in such confusion that sometimes you don't care what happens just so it happens soon.

Let Guards Guard

A RECENT news item in *The New York Times* quotes Police Commissioner Stephen P. Kennedy as urging banks to let guards concentrate on being guards and to use dummy bundles of money to cope with the rising number of bank robberies in the New York area.

"Hire a well trained man as a bank guard and see that he is a guard and nothing else," said Commissioner Kennedy. "Do not use him as an usher or an office boy or to fill out bank slips for customers. Assign him to patrol the bank's property and to keep his eye open for suspicious persons and movements."

and less likely to jeopardize their own lives and the lives of others.

(2) Don't take foolhardy risks.

(3) Be observant. Form a detailed mental picture of the criminals. Note their mannerisms, clothing, scars, or other unusual markings, facial features, and the like. Concentrate your attention in particular upon the bandit nearest you.

(4) Note firearms or other types of weapons. If the bandit has a gun, is it a revolver, an automatic pistol, a shotgun, or a rifle?

(5) Listen closely. The words and phrases used by the robber may assist in identifying him.

(6) If possible without unnecessary risk, obtain a description of the getaway car, including the make, model, color, and license number.

(7) Call the FBI and the local police as soon as possible. Their telephone numbers appear on the first page of telephone directories across the nation.

(8) Preserve the crime scene. Do not touch anything in the portions of the bank where the bandits have been. Valuable items of evidence—including some particles which are invisible to the naked eye—may be destroyed.

(9) Do not discuss the robbery or "compare notes" with other witnesses until the investigating officers have obtained your complete account of the crime. Law enforcement agencies prefer to have the independent recollection of each witness.

(10) Give your full cooperation to the investigation officers. (END)

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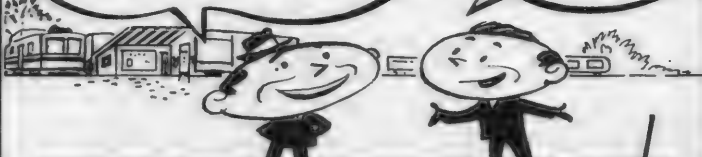
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NEW YORK 4, N. Y.
Room 818, 11 Broadway
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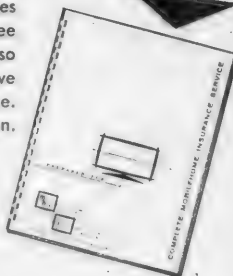
reveals many startling new Mobilehome Insurance features. Read about the very latest in Coverages—the most modern Insurance Methods—and see the best, most complete Rate Charts. Actually it's so fact-filled, you'll want to keep this comprehensive handbook close at all times for ready reference. Send for your free copy today. No obligation.



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Deposit Turnover

(CONTINUED FROM PAGE 55)

over in New York City. Bonds issued by a corporation and sold through an underwriting syndicate, for example, usually result in debits three or four times the size of the offering. Checks are issued by the head of the syndicate to the borrowing corporation; each of the underwriters participating in the syndicate issues a check to the manager of the syndicate for the aggregate of securities sold to his customers; and checks are issued by each customer covering purchase of the securities. Finally, since all these checks will not have cleared by the closing, the manager of the syndicate usually obtains a loan from a bank to cover his check to the issuer.

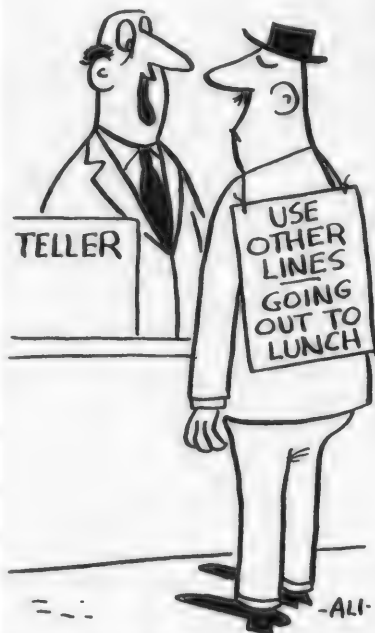
In conclusion, the New York Clearing House survey illustrates the degree to which financial transactions affect the turnover of bank deposits in New York City. It suggests that the segment of turnover which reflects the production and distribution of goods and activities of the service industries does not differ significantly, if at all, from turnover in other major cities.

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Patience Pays Off in Banking Field

COLLEGE graduates willing to wait a while for the rewards will find the most lucrative opportunities in the banking profession, the *New Englander* magazine says.

"College graduates who go into banking do better financially after the first few years than those entering virtually any other business," the monthly business news publication of The New England Council, in its February issue, quoted the American Bankers Association.

A recent survey of banks around the nation by a Northwestern University placement official showed, the magazine said, that the average college graduate—employed for at least 10 years in banks with under \$200,000,000 in deposits—was earning about \$733 a month. In banks with deposits over \$200,000,000, he was earning \$863 a month.

Compared with Colleagues

Their counterparts in larger corporations, with general business backgrounds, were earning about \$768 a month, the survey disclosed.

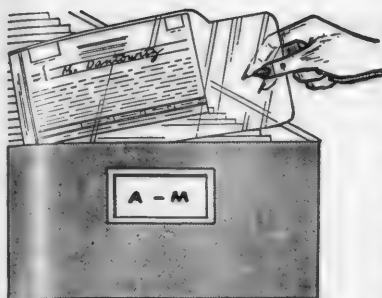
The magazine article revealed that New England has 48,600 bank employees, or 8% of the national total, and 7,307, or 6% of the country's bank officers. Massachusetts leads the six states with 3,553 bankers (officers) and the Massachusetts Bankers Association estimates their salaries range from \$8,000 to \$35,000 for presidents of the large banks.

They and their fellow regional bankers collectively oversee a monumental \$10.8-billion in financial resources, plus an additional \$12-billion worth of property under administration in personal trusts and in custody in trust departments, the

BUDGET TROUBLE

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The clothes or the rentals,
It's simply the cost
Of those incidentals.

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\$300 for 10¢ Fractional Currency
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New Englander quoted the Federal Reserve Bank of Boston.

Besides straight salary, the regular bank worker also does better as a group than his counterpart in any other industry in "fringe benefits," such as life, accident, and hospitalization insurance, pensions, and participation in profit sharing plans. In all, they receive an average \$31.70 in nonwage payments for each \$100 in salary, according to a U. S. Chamber of Commerce survey.

More Money — More Work

If the financial returns are superior to other fields, the *New Englander* also discovered the bankers work hard for them. Banks usually are open to the public six hours a day, "but before the bank opens and long after it closes, we're busy with a whole assortment of duties and responsibilities — even on many weekends," a spokesman told the magazine.

He said the public sees only a part of the mosaic of money matters. Behind the scenes are labor relations to maintain, planning and research problems, purchasing and supply, budgeting, in-service training for employees, and the unending stream of paperwork which has forced banks to automate much of their operations.

"The demand on banking services has made unbelievably complex the amount of credit work, check collection, and investment analysis, to cite a few more chores," the *New Englander* stated.

BANK DRIVE-IN



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(CONTINUED FROM PAGE 39)

unhealthy conditions which so often in the past have resulted in financial chaos."

Spending Attitude Is Undergoing Change

Whether this Congress will turn out to be distinguished by spending or conserving Federal funds is something that is being watched closely. BANKING made a spot check on the Hill to determine how the mail was running on the spending issue.

We were told that, in comparison with the letters that flooded in after former Secretary of the Treasury George Humphrey made his remark about a hair-curling depression, the mail is light. But both Senators and Representatives are receiving quite a few "thoughtful letters" from constituents who write with genuine concern about the contribution of Federal spending to inflation. These letters register with the men on the Hill.

The mail may be doing it, or perhaps what Congressmen learned at home during the Easter recess, but

certainly something has slowed up the spending drive. The momentum has gone out of it. The Administration's efforts to hold the spending measures down are certainly a contributing factor.

The drive for increased spending has been related primarily to legislative measures rather than to the annual appropriation bills. Eugene F. Rinta of the Council of State Chambers of Commerce pointed this out in a careful review of the six subsidy bills moving toward enactment.

Such measures as housing, civilian airports, area redevelopment, aid to education, community facilities, and water pollution control could add up to \$16.4-billion in the next four years, he pointed out.

This would mean more taxes, more inflation through deficit financing, or the sacrifice of future tax reduction.

NASSB Aims at Improved Laws

A COMMITTEE to study state banking laws and supervisory procedures has been appointed by William A. Burkett, president of the National Association of Supervisors of State Banks, and superintendent of banks for California.

Robert L. Myers, Jr., secretary of banking for Pennsylvania, is chairman. He will be assisted by Logan R. Ritchie, commissioner of banking, Virginia; Norris E. Hartwell, state examiner, Wyoming; William J. Murphy, deputy superintendent of banks, California; and William R. Brennan, deputy superintendent of banks and counsel, New York.

Mr. Myers said: "Improved statutes covering state banking procedures is our ultimate goal. It is the intent that each state shall have primary power and responsibility for the regulation of banking, and that Federal regulatory laws shall be applicable to banking only to the extent that the industry is not regulated by state law."

A detailed questionnaire on branch banking and consolidation statutes has been mailed to each state banking department. These questionnaires, to be compiled and analyzed by the Washington Office of NASSB, will be the basis for the committee's further study.

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As our correspondents see us

Every now and then The First National gets a letter from one of its correspondent banks that tells the story of our services so well that there's nothing we can add. We received such a letter right after our last Conference, and we're pleased to reproduce part of it here without further ado. It reads:

"Since we started attending the Conferences about five years ago, we have been using your correspondent services more and more. First your Mr. Guthridge did much in planning our new bank building,

and his help was invaluable to us. Then you sent a representative to our bank to help with internal problems, and they were straightened out intelligently and have proven effective. We often have referred legislative matters to your bank for advice, which has been intelligently handled, and our course of action has been predicated on that advice. We have increased our use of your travelers' checks and foreign department to a point where no other bank is used unless the customer for some reason would so request. Lately we

have begun to use your municipal and government bond department, and since this has been started, we have found that both portfolios have improved considerably, and our directors are well pleased with results. Yields have improved as have ratings and diversification."

There it is—just a few of the many reasons why a correspondent relationship with The First can be so rewarding. If this kind of service makes sense to you, call an officer from Division F for full details. He will be more than glad to help.



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Listings of Banks in the *Million Dollar Directory*

LISTINGS of banks in Dun & Bradstreet's *Million Dollar Directory* total 2,233, according to The Mercantile Agency, which published the first directory in January 1959, showing some 21,000 business enterprises in the U. S. with an indicated net worth of a million dollars and over. Following are totals of banks with million dollar net worth, by states, according to the first directory and its May 1959 supplement:

New York	256
Pennsylvania	211
Massachusetts	185
Illinois	143
New Jersey	115
Texas	107
Ohio	104
Florida	82
Connecticut	73
Michigan	70
Indiana	62
California	53
Missouri	55
Wisconsin	52
Virginia	45

These are headquarters listings only; branches are not shown separately in the directory. The directory includes listings for Alaska, and will be enlarged to cover Hawaii in 1960. Listings of banks in the 34 states other than those cited in the table total 622.

This compilation includes all banks which provided figures to Dun & Bradstreet indicating that their total of capital stock, surplus, and undivided profits (if any) aggregated seven figures or more.

Various sections of the directory list million dollar concerns alphabetically, geographically, by business function and line of trade, and show names of owners, partners, officers, and directors. Among the types of enterprises included are banks and trust companies; mutual and stock insurance companies; manufacturers; wholesalers; retailers; transportation, communication, and other public utility companies; mining concerns; and contract construction concerns. Some of the most prominent manufacturing groups, in order of number listings, are machinery manufacturers, food and tobacco, fabricated metals, textiles and finished apparel, chemicals and allied products.

The *Million Dollar Directory* includes domestic subsidiaries of

foreign corporations. Not generally included are foreign corporations; professional, consulting, and certain other types of service agencies; and financial and insurance institutions other than those cited above. However, some examples of each may be found listed by reason of unusual prominence, clearly defined financial qualifications, or connections with mercantile trade.

An additional *Million Dollar Directory* service, especially interesting for banks having data-processing equipment, has been announced. Punched-card decks, of all directory listings by specified states or groups of counties, may be ordered by directory subscribers from Dun & Bradstreet, for use in sales analysis and economic and market research

work. The punched information includes:

1. Name of business
2. Street address
3. City
4. Postal zone
5. State
6. Standard Industrial Classification Code number or numbers (SIC numbers for principal products and services of each concern have been assigned to directory listings)
7. Dollar volume of sales (to nearest million)
8. Number of employees

—and, for sorting purposes:

9. State code
10. County code
11. City code
12. Alphabetical sequence code

So You're Starting a House Organ

THE following paragraphs are taken from a study of bank house organs by VERLIE FORSYTH, assistant cashier of the First National Bank, Fort Lauderdale, Fla. Having made the basic decision to publish a house organ in one of many possible forms, your bank, says MR. FORSYTH, still has a number of other decisions to make—

Who picks the editor? That depends. If the idea originated with management, then it's management's duty to pick the editor as well as the advisory officer.

If a staff member came up with the happy thought that your bank needs a house organ, then let that staff member have the job of editor—unless that individual has someone in mind for this job.

And the reporters? I would say that the size of your bank would govern this. If your bank is small, then perhaps the editor should pick the reporters to cover the news. If your bank is large, then the editor should confer with the department heads and ask them to appoint reporters to represent their departments. It is important that a time limit be set on the appointments.

Then it's up to the executive officer of the bank to call a meeting of all staff members and announce the house organ's name . . . , the

editor, and the names of the department reporters. As a final tie-in with this announcement, the executive officer should impress on all personnel the fact that now it is up to them to make the new house organ a success.

It's going to be a struggle at first, and mistakes will be made. However, it might be a good idea to follow these simple steps:

Decide on your format: What sort of a layout will you use? How many pages will it run? How often should it be published? What standard items should appear in each issue? What special features should run?

Make up a run-off schedule which is especially helpful if you use Mimeographing, Multilith, Ditto, or similar equipment. If you plan to have your house organ published by an outside printer, then a dummy layout using page proofs will give you an idea as to how your finished magazine will look.

Give some thought to your mailing list. This is one of your most important means of reaching the desks of banking officials throughout the United States and Canada. It is only right that we let our fellow bankers know we are ready and willing to serve them—and through the news items in our FINABA NEWS we keep them posted on what's going on here.

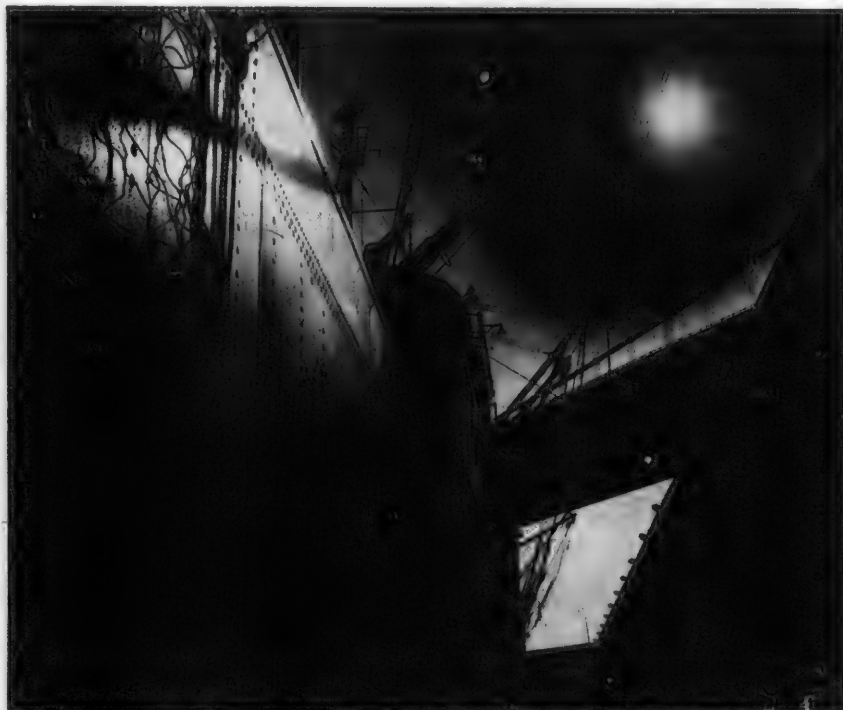


AROUND THE CLOCK, San Francisco hums with foreign-trade activity while Crocker-Anglo bankers keep in constant touch with a worldwide network of correspondent banks. At left, H. L. Mark; A. Taapken, VP and Manager of International Banking Department; G. Scott Runyan, Asst. VP in charge of the Asian Division.

Your money can go places...via San Francisco

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So when your bank's money is going places—anywhere in the world—look to San Francisco and Crocker-Anglo for worldwide banking service.



AROUND THE WORLD, ships this year will deliver more than \$600 million in exports from San Francisco Bay Area, while imports will add nearly a half billion to the area's foreign commerce. City by the Golden Gate also has one of the world's busiest international airports, where flights originate to Europe, Asia, Australia, the Pacific Islands, and many points in Latin America.

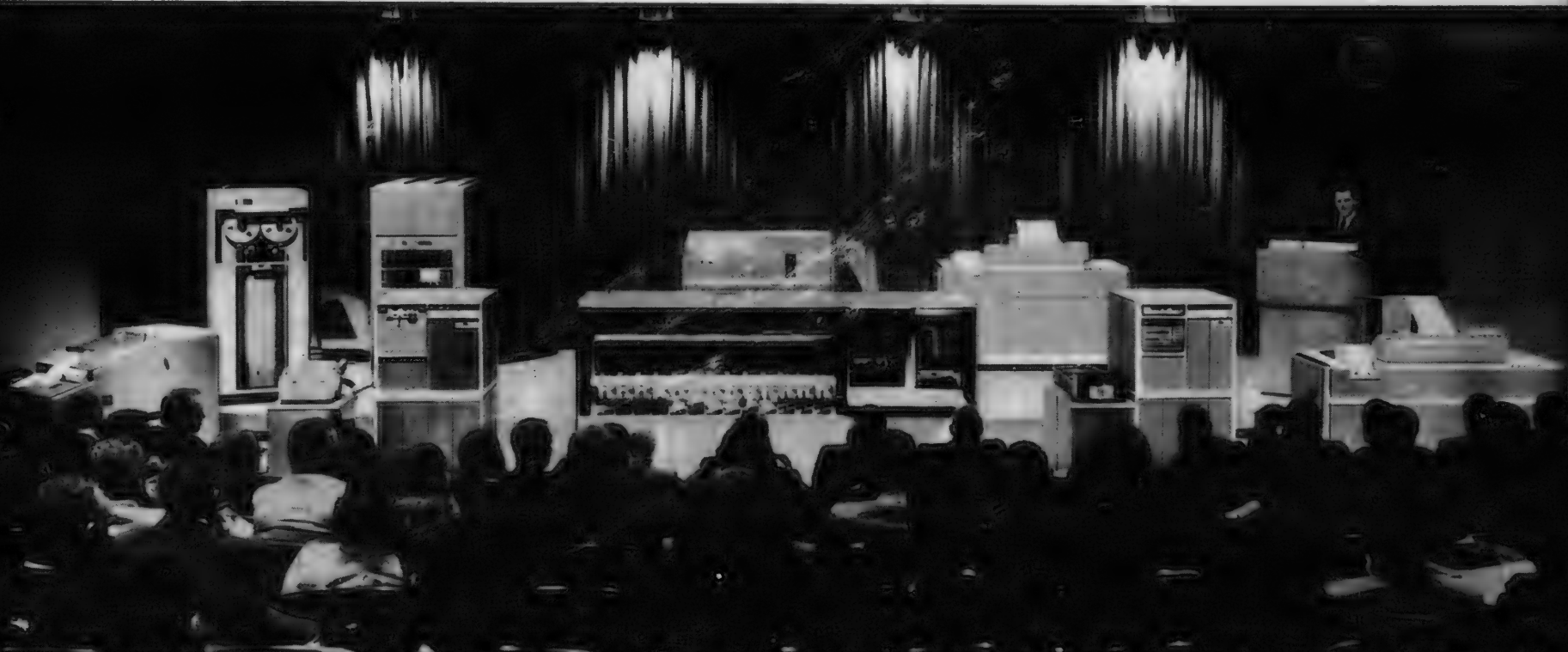
Central to the West Coast



California's Oldest National Bank

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



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IN
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IBM Series/1200 Paper Handling Equipment is demonstrated in conjunction with individual systems graduated to meet requirements of various sized banks.

In May, more than 600 leading bankers from all over America gathered at IBM, in Poughkeepsie, N. Y., to witness the world's first public demonstration of total demand deposit accounting systems.

For information about an IBM system to fit your requirements, call your local IBM representative. Like all IBM data processing equipment, IBM banking systems may be purchased or leased.

IBM® DATA PROCESSING

Lending Agencies

(CONTINUED FROM PAGE 41)

In view of the foregoing considerations, the Association believes that the long-run public interest will best be served by the ultimate return of all loan and credit functions to private risk-taking institutions operating in markets where forces of supply and demand determine how funds are allocated to different sectors of the economy. The Association recognizes, however, that because Government credit is so deeply im-

bedded in the financial system, the return of such lending activity to private institutions should be gradual. To this end, the following principles should be applied in the evaluation of any lending program:

(1) The program should be self-sustaining, so as to cover: (a) the average cost to the Treasury of capital funds advanced to the administering agency; (b) the average cost to the Treasury of all funds loaned to the agency whether for direct lending or secondary market purposes; (c) administrative expenses of the program; and (d) pro-

vision for losses in credits granted.

(2) Interest rates should not be fixed by statute or regulation. Lending policies and interest rates should be responsive to monetary policy and should be allowed to fluctuate in accordance with supply and demand conditions created in the market place by borrowers and lenders. Direct loans and Government secondary market operations should not be used to circumvent changes in interest rates.

(3) Any Government lending program which tends to perpetuate rather than correct an economic maladjustment should be eliminated. The real solution to readjustments produced by such factors as technological development, changing climatic conditions, or consumer needs and preferences, calls for mobility of resources. Enterprises which become inefficient or uneconomic as a result of such changes should not be sheltered from competition by an umbrella of Government credit.

(4) Any revolving fund which perpetuates a Government lending operation should be subject to periodic Congressional review to determine whether its continuation is still necessary or desirable.

(5) Whenever the initial capital of a program is provided by the Federal Government, definite provision should be made for its later repayment and the transfer of the function to private credit facilities.

(6) Whenever Federal Government credit is considered necessary to support a lending program, direct Government loans should be avoided. Any such program should be administered through private credit institutions during the period such support exists.

(7) The development of friendly foreign countries, international trade, and defense activities may temporarily necessitate the use of Government credit for national security or humanitarian purposes. Nevertheless, even here private financing should be encouraged rather than thwarted by public policy.

(8) Federal Government lending should not be used as a substitute for local government credit to finance local public functions. The burden of local responsibility cannot be appropriately shifted to the Federal Government on the theory that tax-paying ability that does not appear to exist locally should be sought at the Federal level.



It couldn't happen to you? Don't be too sure. Holdups are averaging better than one a day in financial institutions all across the country.

What can you do about it? Let one of our protection specialists survey *your* protective program—he'll help you pick out its weak spots—and strengthen them! And there is no charge for this service.

First step: call our agent in your community. He'll be glad to arrange for this important survey.

1884-1959

75th ANNIVERSARY

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CASUALTY • INLAND MARINE

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Lockheed Management reports on Lockheed's growth position

1. LOCKHEED'S NEW LOOK

The past year or so has been the busiest in Lockheed's history. During the past 15 months we:

1. Delivered a dozen airplanes a week.
2. Made a first flight of a new type missile, space vehicle, or airplane every 40 days.
3. Performed \$1.3 million in missile-satellite business every working day.

Sales for 1958 rose to a record \$962.7 million. Earnings for 1958 were up 14% over 1957. In 1959 sales have maintained their all-time peak rate—\$278.6 million for the first three months. Earnings for 1959's first quarter, while substantial, were below the 1958 level. Earnings represented a profitable return on military programs and commercial spares and services, but a loss on initial deliveries of Electra airliners. The Electra's successful introduction into airline use, however, has heightened our long-term sales prospects.

But these past months have been more than a period of heavy production. They have been months of preparation for the golden quarter-century that lies ahead.

They have been months in which Lockheed took the critical steps to broaden the hard core of its aircraft-missile work into the surrounding circle of related sciences. No longer just an airplane company, Lockheed moved confidently into areas where the future will be found.

2. LOCKHEED EXPANDS INTO NEW FIELDS

Years of study and planning came to fruition in closing months of 1958 and early 1959 in a series of expansion moves. We added new divisions and reorganized old ones. Here is what we have done:

Electronics and Avionics Division. We formed this division to manufacture and market electronic components, equipment, systems, and advanced instrumentation.

It has a bright growth potential. The Electronic Industries Association estimates 46% of total Defense Department missile expenditures is for electronic components. In aircraft the average electronics share is 18.5% and forecasts in commercial and industrial electronics are for 33% to 66% gains in the next five years.

Lockheed is no neophyte in the electronics field. We have had years of experience in aircraft and missile electronics. We have 3000 engineers and technicians who will remain at work in this field in other divisions. Last year we performed \$30 million in electronics design and fabrication.

Puget Sound Bridge & Dredging Company. We acquired control of this company—the third largest Pacific Coast shipbuilding firm and a leader in general heavy construction. This move can place us in the nuclear-powered submarine and ship field, strengthen our bid on construction projects, and expand our ability to build and manage ground support for missile and space activities.

Lockheed Nuclear Products. If today's opportunities are in electronics, tomorrow's will be in nucleonics. Slow in coming, nuclear power is nevertheless inevitable, and applications of nucleonics are growing daily.

To build a long-term future in this vital area, we established a Nuclear Products branch at our Georgia Division. It has already made sales of training reactors to colleges. It plans the design, manufacture, and installation of large heat process reactors in fuel-short regions.

Last year Lockheed began operating the Air Force's multi-million dollar nuclear laboratories in north Georgia, near Dawsonville. Designed to test the effects of radiation on materials, component parts, and aircraft systems under operating conditions, this new facility is the most modern in the U.S.

Lockheed Monorail System. Outgrowth of our long efforts to increase utilization of our versatile skills and facilities, we have received a contract to design and build a \$5 million monorail line for Seattle. This first U.S. monorail opens prospects for similar proposals to relieve many other urban transportation problems.

Lockheed Aircraft International. We have regrouped many of our extensive foreign activities into this new subsidiary. LAI will work out package ideas for foreign countries embracing skills, services, and products of all our divisions. They will encompass aircraft manufacture, sales, repair, and service; airport services; communications; missiles; electronics; nucleonics; ground support; and other elements to develop integrated transportation and defense systems.

Lockheed, S.A. This new subsidiary, located in Mexico, makes the experience of all our divisions available to government and business leaders for long-range industrial development programs.

Lockheed Azcarate, S.A. First definite step in this Mexican program, our new affiliate is beginning an aircraft manufacturing program below the border—a light utility plane suited for many jobs at high and low altitudes and in varied environments.

3. LOCKHEED STRENGTHENS ITS POSITION

Expansion and diversification are our stake in the future. More than that, they are our claim on the present. To assure our position as system manager for today's complex weapons we must have a broad range of technical and managerial skills. From each of our expanded activities—electronics, nucleonics, shipbuilding construction, foreign operations—we draw the knowledge and experience that permit us to obtain large contracts here and now. But we do not forget, in this concentration on new things, the solid worth and growth possibilities of the old.

Military Aircraft. Still vital for our defense, equally as important as a prelude to space flight, manned military aircraft occupy an important place in the future.

Our F-104 STARFIGHTER, holder of world records for speed, altitude, and time-to-climb, will be manufactured in quantity here and abroad for West Germany and NATO defense and has excellent possibilities of being selected by other foreign countries.

Our C-130 HERCULES continues to be vital to our nation's airlift and is drawing much interest from other countries.

In the growing concern over submarine defense, our anti-submarine efforts rise in importance. Our P2V anti-submarine patrol plane, in production since 1945, will be succeeded by our vastly improved P3V, for which we have pre-production contracts.

In the field of airborne early warning we have had a decade of success. We are proposing a new early warning weapon system to meet the continuing threat of coastal attack. And we are proposing many other kinds of aircraft for the future—new transports and trainers, vertical takeoff and landing planes, air rescue vehicles, and others.

Commercial Aircraft. This year brings peak deliveries for our new prop-jet ELECTRA. It is proving out on the world's airlines, and we expect sales to grow.

But beyond this are our plans for the future—executive transports and air-freighters already in production; supersonic transports, air buses, and family planes now on the drawing boards. Business, private, and airline flying will expand in the sixties as all three have in the fifties.

Missiles. POLARIS, DISCOVERER, ARGUS—these are names to conjure with. Less well-known are X-7, X-17, and KINGFISHER. All are Lockheed missile and space projects, and there is no limit to their potential.

The POLARIS, the Navy's newest, most formidable weapon, is strongly influencing the nation's entire defense strategy. DISCOVERER is the series of space biology probes for the Air Force and Advanced Research Products Agency, forerunner to space travel and satellite defense systems. Lockheed is system manager for both.

Lockheed missile and satellite sales have multiplied 42 times in the past five years. Out of the varied research programs of our Missiles and Space Division are coming discoveries and proposals that will catapult us into space and enrich our daily living. As missile and space programs climb, Lockheed will climb with them. The assault on space is only just begun.

4. FORMULA FOR GROWTH

Our present programs, recent expansion into new areas, continuing diversification—these are the details. Behind them, overriding them in importance, is a broad managerial philosophy that welcomes the future and prepares for it.

Through the years we have plowed back 60% of our earnings after taxes to assure our future. Last year we spent over \$15 million on new facilities and equipment. For the current year we have earmarked another \$18 million.

We emphasize research. Although more than nine-tenths of our tremendous \$349 million research and development work last year was for government agencies, we performed over \$25 million of R&D work with our own funds. Combined government-company R&D work in 1959 will exceed \$400 million.

We emphasize brainwork. In 1959 our employees with doctorates and other science and engineering degrees increased to 4600, nearly one-tenth of our total work force. This was a 30% gain over 1957.

We emphasize management. Our management and executive programs, started years ago, have been continually reviewed and strengthened. Out of these programs is coming a wealth of managerial material that has made our diversification work well, and will provide Lockheed with management skills of the highest order in years to come.

★ ★ ★

And this is the greatest growth potential of all—brainpower, technological and managerial skills, dedication to a tradition of leadership, and burning faith in the future. These are Lockheed's formula for growth.

LOCKHEED

JET TRANSPORTS • JET FIGHTERS • JET TRAINERS • COMMERCIAL & MILITARY PROP-JET TRANSPORTS • ROCKETRY
BALLISTIC MISSILE RESEARCH & DEVELOPMENT • WEAPON SYSTEM MANAGEMENT • ANTI-SUBMARINE PATROL AIRCRAFT
NUCLEAR-POWERED FLIGHT • ADVANCED ELECTRONICS • AIRBORNE EARLY-WARNING AIRCRAFT • AIRPORT MANAGEMENT
NUCLEAR REACTOR DESIGN & DEVELOPMENT • GROUND SUPPORT EQUIPMENT • WORLD-WIDE AIRCRAFT MAINTENANCE



(CONTINUED FROM PAGE 30)

AMERICAN TRUST COMPANY, San Francisco, opens new Camellia City Center office.

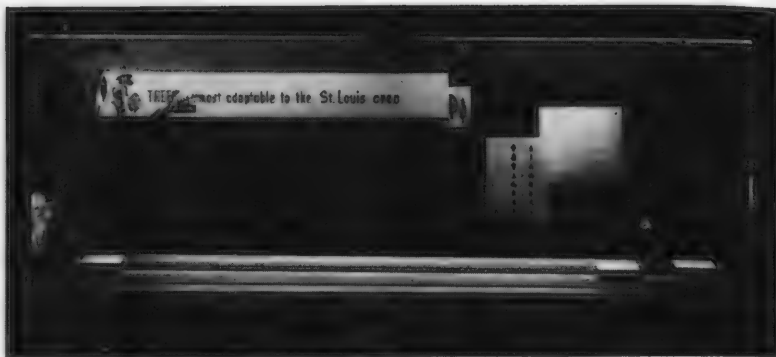
BARNETT NATIONAL BANK establishes facility at U. S. Naval Air Base, Cecil Field, Fla.

SEATTLE - FIRST NATIONAL BANK starts on new Centralia branch building to be completed this fall.

FIRST NATIONAL CITY BANK OF NEW YORK opens its 5th branch in Argentina in Buenos Aires.

RITZVILLE (Wash.) STATE BANK merges into NATIONAL BANK OF COMMERCE OF SEATTLE.

BANK OF ALBANY merges with CITIZENS AND SOUTHERN BANK OF ALBANY, Ga., according to release from CITIZENS AND SOUTHERN NATIONAL BANK, Atlanta.



Boatmen's National Bank of St. Louis, Mo., recently displayed a series of windows full of live and growing evergreens, flowering trees and shrubs, prepared in consultation with horticultural experts and coordinated to explain the proper planting and care of trees in St. Louis. Planning, planting, and pruning instructions, useful diagrams, and leaf, root, and branch specimens were included

AMERICAN NATIONAL BANK AND TRUST Co. of Mobile, Ala., is accomplished by merger of CENTRAL BANK OF MOBILE and FIRST COMMERCIAL BANK OF CHICKASAW.

New A.B.A. member banks include: BANK OF CENTRAL IDAHO, Grangeville . . . BANK OF EDMONT, East St. Louis, Ill. . . . POTOMAC (Md.) NATIONAL BANK . . . MILTON

(Mass.) BANK AND TRUST COMPANY . . . CITIZENS BANK AND TRUST COMPANY, Peabody, Mass. . . . BLUE RIDGE BANK, Kansas City, Mo. . . . GRETNA (Nebr.) STATE BANK . . . FORTY FORT STATE BANK, Heights Community Branch, Wilkes-Barre, Pa. . . . NORTHWEST NATIONAL BANK OF DALLAS, Tex. . . .

CENTRAL BANK OF MOBILE, Ala.,

Now it's SUNDSTRAND CORPORATION



During recent years the company has diversified to the point where the words "Machine Tool" in the name do not properly reflect overall operations.

At our annual meeting April 28 our stockholders approved a name change to Sundstrand Corporation.

SUNDSTRAND CORPORATION

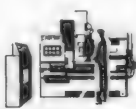
Rockford, Illinois

Common stock listed on New York Stock Exchange and Midwest Stock Exchange

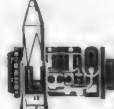
Copies of our 1958 Annual Report are available upon request. Address Sundstrand, Rockford, Illinois.



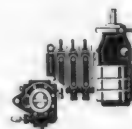
Aircraft Components



Machine Tools



Missile Components



Hydraulics

merges into AMERICAN NATIONAL BANK AND TRUST COMPANY.

Merger, pending approvals: PEOPLES FIRST NATIONAL BANK AND TRUST COMPANY, Pittsburgh, and FIRST JEANETTE (Pa.) BANK AND TRUST Co.

MICHIGAN BANK, Detroit, has just opened two temporary branches pending completion of permanent offices in the fall.

WORCESTER (Mass.) COUNTY NATIONAL BANK starts construction of 14th office. New branch, to be located on former site of Worcester County Jail, will open this summer.

NATIONAL BANK OF DETROIT opens 64th branch in temporary quarters of two trailers bolted together with wheels and partitions removed.

FIRST NATIONAL BANK OF CAMBRIDGE, Ohio, opens for business.

CROCKER-ANGLO NATIONAL BANK, San Francisco, opens new Mountain View office.

THE WATERBURY (Conn.) NATIONAL BANK announces soon-to-open Middlebury branch.

FIRST NATIONAL BANK OF WADESBORO, N. C., merges with BANK OF MORVEN, N. C., forming new FIRST NATIONAL BANK OF ANSON COUNTY, Wadesboro.

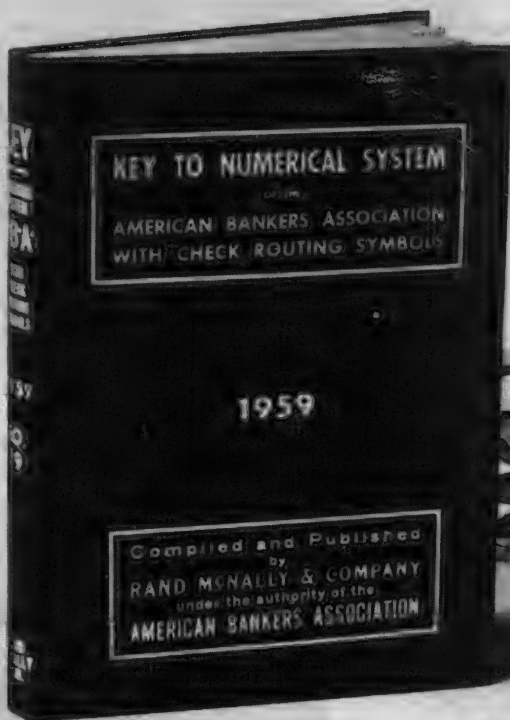
State Association President 1959-60



MISSOURI: Willis Alexander, executive vice-president, Trenton Trust Company

AVAILABLE NOW

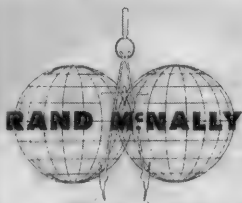
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It contains all annual changes in transit numbers and check routing symbols. Make sure your organization has enough copies of the latest edition for completely efficient operation. Order yours today.



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A NEW BUILDING IN CLEVELAND

We are pleased to announce that our Cleveland operation is now housed in a nice new building located at 4747 West 160th Street. This structure, containing 48,000 square feet all on one floor, is fully air-conditioned and is equipped with every improvement known to us. It does not have the setting of our plant in Chatsworth, California, but aside from the mountains and the tropical planting, it is on a par in every respect and in fact has some innovations which were not available when the Chatsworth plant was built.

As mentioned in previous messages, this completes the building program planned by us immediately following the war. During the past twelve years we have constructed nine new plants — actually ten, because our Paoli plant, erected in 1950, has already been replaced by

a larger building. We are now taking a long look at our future needs and, since we anticipate continued growth, we think we soon will be putting together a new program. It is almost certain that we will be needing a second plant in Chicago, an addition to our Clifton plant, and possibly an administration and research building in St. Paul.

All this, of course, only if we continue to grow. Growth to us is considered strictly in its literal sense, since we have no desire to introduce new products or to become big through acquisition. We do not take issue with those who relate growth to diversification, but from choice we prefer to remain specialists manufacturing one product because we believe that the growth in volume of that particular product will keep us on our toes for many years to come.

De Luxe
CHLOR PRINTERS

Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, INDIANAPOLIS, CHICAGO,
KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

PHARMACEUTICAL PRODUCTS FOR
THE MEDICAL PROFESSION SINCE 1888



Laboratories

The Board of Directors has declared the following quarterly dividends, payable July 1, 1959, to shareholders of record June 10, 1959.

- 45 cents a share on Common Shares.
- \$1.00 a share on Preferred Shares.



120TH

**Consecutive
Quarterly
Dividend**

May 28, 1959 / North Chicago, Illinois

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INSURANCE COMPANY

Springfield, Ohio

Licensed in all 50 States,
D. C. and Canada

do you need

*modern-designed
hand and machine
posting; savings and
commercial passbooks*

Samples and Prices on Request

WILLIAM EXLINE INC.

1275 Ontario Street, Cleveland 13, Ohio

CITIZENS BANK, Florence, Miss., opens branch in Plain.

KENT (Ohio) NATIONAL BANK opens Streetsboro Plaza office.

CHAMBERSBURG (Pa.) TRUST COMPANY opens Lincoln Way East office.

RITZVILLE STATE BANK becomes branch of **NATIONAL BANK OF COMMERCE OF SEATTLE**.

PROVIDENT SAVINGS BANK AND TRUST COMPANY, Cincinnati, becomes **PROVIDENCE BANK**.

BUFFALO (N.Y.) INDUSTRIAL BANK becomes **BANK OF BUFFALO**.

EXCHANGE NATIONAL BANK OF TAMPA, Fla., celebrates 65th anniversary.

GUARANTY TRUST COMPANY, New York City, merges with **J. P. MORGAN AND CO., INC.** Pre-merger announcements and list of officers of new **MORGAN GUARANTY TRUST COMPANY** appeared in January's **BANKING**, page 17.

FIRST STATE BANK, Beecher, Ill., changes title and moves to **AMERICAN SAVINGS BANK**, South Chicago Heights, Ill.

FIRST NATIONAL BANK OF STEWARTSTOWN, Pa., merges into **FIRST NATIONAL BANK AND TRUST COMPANY OF RED LION**.

**State Association President
1959-60**



SOUTH DAKOTA: Boyd Knox, president, McCook County National Bank of Salem

BANKING

For
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planning
to serve
drive-up
and
walk-up
customers...



DIEBOLD INTRODUCES THE FOR "BANKING ON THE GO!"

New Look

For bankers interested in providing drive-up and walk-up banking services, Diebold offers almost unlimited installation ideas as well as entirely new concepts in the function of equipment. For example:

For Drive-Up Banking:

- Flush, bay and saw-tooth designs.
- How to use turntables in crowded areas.
- Hi-Fi communication.
- Weather-tight deal drawer can be extended to greater distances for curbside drivers . . . retracted from any position.

For Walk-Up Banking:

- King-size writing shelf with shadow-proof lighting, opened and closed from inside.
- Equipped with pens and forms like a lobby desk.
- Hi-Fi communication.
- Inside of deal drawer visible to customer and teller at all times.

The unmatched experience gained by Diebold in making thousands of successful installations has been assembled in *Motor Banking*, the most authoritative treatise published on the subject. Send for your copy today. Diebold, Incorporated, Canton 2, Ohio.



Deluxe Walk-Up Window.

DIEBOLD

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*Manufacturers of
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Please send a copy of your book, *MOTOR BANKING*, and full details about your:

☐ Drive-Up Windows

☐ Walk-Up Windows

Bank _____

Name _____

Title _____

Street _____

City _____

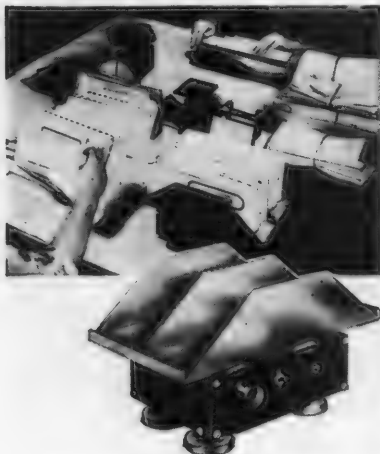
Zone _____

State _____

SYNTRON

Vibrating

PAPER JOGGERS



**increase the efficiency
of handling checks,
punch cards, etc.**

SYNTRON Paper Joggers turn many slow manual jobs into fast, efficient operations. Their 3600 instantly controllable vibrations per minute quickly align checks, material for micro-filming, punch cards and currency for easier handling or for automatic machines.

SYNTRON Paper Joggers are designed for long, dependable service with low maintenance. They are easy to operate. Available as table deck, divided deck, or bin type joggers.

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Spencer Weart

BANKING STUDIES

Branch Locations

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Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

WILLIAM ERLINE, INC.

1270 Ontario Street • Cleveland 13, Ohio

5,000 New Bank Officers Yearly

(CONTINUED FROM PAGE 45)

of the banks we studied had such a second officer and that his average salary was around \$3,000.

Much Besides Salary

Q. Is it then simply a problem of paying higher salaries?

A. Not at all! Salaries are important, but steady advancement in authority and responsibility is just as necessary as adequate compensation. Young men look to the future and seek opportunities for advancement. If they see road blocks ahead, they will be inclined to seek better opportunities elsewhere. Then, there are such things as fringe benefits, so common in industry generally and also in the larger banks, but almost unknown in the smaller ones. Fringe benefits, employment security, and opportunities for advancement are highly prized nowadays and, in my opinion, are indispensable factors in attracting and holding qualified personnel.

A Banker's Qualifications

Q. Mr. Wolcott, you have several times mentioned the "caliber of person" needed in banking. What are the qualifications of a good banker?

A. A good banker, of course, must know how to look after the day-to-day problems of running a bank—he must know how to make loans and buy bonds, how to attract new customers and keep old ones, and must always be concerned with the welfare and growth of his employees. I could go on and on about the technical aspects of bank management, but they are well known. A point that needs emphasis is that to be a good banker requires much more than technical proficiency. A banker should be a leader in his community and nation. He should know something about money and banking theory as well as their practice. This will not only help him in the operations of his bank, but also enable him to work effectively for improvement of that environment within which banks operate.

Let me illustrate what I am trying to say. A few years ago when I was in Congress and a member of the Joint Economic Committee, we were engaged in a study of monetary, credit, and fiscal policies. The purpose of the study was to try and

find out just what the Government should do to promote maximum employment, and at the same time have stable prices with neither inflation nor deflation. Can you think of anything—other than the hydrogen bomb and all its implications—more important than this?

We sent questionnaires to Government agencies, labor unions, trade associations, economists, and to 168 presidents of banks. Only 32 of the bankers took the trouble to reply. I'll admit the questions were not easy, but surely more than one out of five bank presidents should have had some comment on the subject matter, which dealt with areas in which they are considered the "professionals." Bankers should become aware of the great problems in the fields of money and banking that are constantly facing the nation, and should be able to speak about them with authority and conviction.

In short, bank management and its continuity are a serious problem for many banks. But it can be and gradually is being solved. Better compensation for junior officers, including fringe benefits, and the encouragement created by opportunity for advancement will attract and hold for banking capable career-seeking young men. Being a banker means more than just running a bank; it carries with it great obligations to one's bank, community, and nation.



"I didn't spend any money today, dear . . . only checks!"

BANKING



The One Banker Who Wasn't Interested in Public Relations Ideas

Let's thank the good Lord there weren't many like *him* at the last FPRA Convention! Because most bankers who attended were considerably quicker and more perceptive to see the value of the Public Relations, Advertising, and Promotional ideas presented... many ideas culled from fellow-bankers all over the country.

This year's program promises to be even better. It'll pay you to attend. There'll be time for some fun, too. But mainly the big FPRA Convention means business... good future business for you. Get in touch with the FPRA right now, to assure yourself of a reservation. Write or call:



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All bankers, member or not, you're invited to the FPRA Convention. Nov. 1-5, Americana Hotel, Miami Beach, Florida

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- Special attention to collections
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TOTAL ASSETS:

More than \$ 782 Million Pesos
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TOTAL COLOMBIAN FOREIGN BUSINESS: 124 BRANCHES

Imports	Exports
1957: US. \$ 403.080.000	US. \$ 449.628.000
1958: US. \$ 276.500.000 *	US. \$ 409.500.000

* Authorized import licenses



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No Gimmicks... Just a Coin Bank... Nothing Else

But What a Coin Bank!

Here's the bank that's "caught on" with financial institutions all over the country! Why? Because it's purely and simply a bank—without distracting doodads. Expect shining results—and get them with the \$UMshine Bank—it's loaded with SAVE-APPEAL and it's LOW-PRICED, too!

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New Books

THE POSTWAR RISE OF MORTGAGE COMPANIES. By *Saul B. Klamman*. National Bureau of Economic Research, New York. 102 pp. \$1.50. Mr. Klamman, economist for the National Association of Mutual Savings Banks, reports that the mortgage companies increased their total assets 10 times—from \$160,000,000 to \$1.8-billion—in the postwar decade. Their growth has been far greater than that of other institutions active in the real estate market, and the author finds that it has been "closely associated with the introduction and expansion of Federal mortgage insurance and guaranty programs."

SMALL BUSINESS INVESTMENT COMPANIES. Commerce Clearing House, Chicago and New York. 128 pp. \$2.50. The law, the regulations, and an explanation of the 1958 act. There is a section of questions and answers.

INVESTMENT ANALYSIS. By *John H. Prime*. Prentice-Hall, New York. 459 pp. \$6.95. Third edition, updated, of an analysis of investing principles, problems and practices.

ELECTRONICS IN BANKING. The Institute of Bankers, London. 71 pp. 5s. The Ernest Sykes Memorial Lectures delivered before the Institute this year by several British bankers.

ENGLISH THEORIES OF ECONOMIC FLUCTUATIONS 1815-1848. By *Robert G. Link*. Columbia University Press, New York. 226 pp. \$5. A study of the ideas of six writers: Thomas Attwood, Thomas Robert Malthus, Thomas Joplin, James Wilson, Thomas Tooke, and John Stuart Mill.

SIMPLE ARITHMETIC

To figure how much it costs me to live is simple today, I'll admit; I merely put down the wages I've earned, Add 20%—and that's it!

STEPHEN SCHLITZER

BANKING

BUDGETING—PRINCIPLES AND PRACTICE. By *Herman C. Heiser*. Ronald Press, New York, 398 pp. \$10. A comprehensive treatment of budgeting as a primary management tool. Techniques of budgeting and controlling major categories of income and expenditure are demonstrated.

THE ECONOMY, LIBERTY AND THE STATE. By *Calvin B. Hoover*. Twentieth Century Fund, New York, 445 pp. \$5. Mr. Hoover, professor of economics at Duke University, studies the divergent economic systems of the West and Communist Russia, showing that actualities often depart from theories and measuring the extent to which the systems meet man's desire for liberty and justice. A principal conclusion is that modern western capitalism is strong, productive, popular and in almost no danger of being supplanted or overthrown by collectivism.

INTERNATIONAL FINANCIAL TRANSACTIONS AND BUSINESS CYCLES. By *Oskar Morgenstern*. Princeton University Press, Princeton, N. J. 591 pp. \$12. Based on extensive statistical material and analysis, this book is concerned with how economic upsets spread through financial and economic operations in several countries, notably the U. S. A., Great Britain, France, and Germany. The periods 1870-1914 and 1925-1938 are the centers of interest.

WHAT PRICE ECONOMIC CONCENTRATION? By *Eric Johnston*. Uni-

versity of Washington Press, Seattle. 16 pp. 50 cents. The first annual Walker-Ames lecture at the university, delivered by the president of the Motion Picture Association of America. He raises some questions about bigness and the dangers of uncontrolled concentration.

CONCISE DICTIONARY OF CONTEMPORARY HISTORY. Compiled by *Sherwin Burickson*. Philosophical Library, New York. 216 pp. \$4.75. A compact reference book covering events, names, and terms connected with the world's history in the last quarter century or so. Definitions of political and governmental terms are brief and understandable. There is a foreword by Harry Elmer Barnes.

REAL ESTATE PRINCIPLES AND PRACTICES. By *Preston Martin*. Macmillan, New York. 434 pp. \$9. This analysis emphasizes real estate finance, development in the new patterns of metropolitan areas, and Federal housing policy. It covers urban growth, brokerage, borrowing instruments, and money.

TAX ASPECTS OF REAL ESTATE TRANSACTIONS. By *Martin Atlas*. Bureau of National Affairs, Inc., Washington, D.C. 238 pp. \$12.50. Revised edition, annotated, of a book intended for real estate dealers, investors, brokers, lawyers and accountants. The author's purpose is "to state clearly the tax effects of real estate transactions and thus to be of assistance to those undertaking these transactions."

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COMMON STOCK DIVIDEND

The Board of Directors has declared a regular quarterly dividend of 62½¢ per share on the Common Stock of the Company, payable on June 5, 1959 to holders of record on May 18, 1959, and the thirtieth regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable on June 5, 1959 to holders of record on May 18, 1959.

April 22, 1959

T. S. O'BRIEN, Secretary



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CANADIAN MONETARY BANKING AND FISCAL DEVELOPMENT. By *R. Craig McIvor*. St. Martin's Press, New York. 236 pp. \$6.50. Using the historical approach, Dr. McIvor is concerned chiefly with the evolution of commercial banking.

FOUNDATIONS OF CAPITALISM. By *Oliver C. Cox*. Philosophical Library, New York. 500 pp. \$7.50. The origins and development of the social and economic organization of the capitalist system.

ASSIGNMENT OF INCOME. By *Don J. Summa*. Ronald Press Company, New York. 131 pp., \$10. The nature and development of attempted anticipatory assignment of income tax as a means of reducing the burden of Federal income tax are examined and discussed. Cases on the subject are classified, both in accordance with the principal issues raised and on the basis of the type of taxpayer involved, and are analyzed briefly.

INVESTING IN AUSTRALIA? — A GUIDE FOR COMPANIES. The National Bank of Australia, Ltd., Melbourne and London. A pamphlet for overseas businessmen, compliments of the bank.

100 YEARS OF BANKING IN CANADA. By *Joseph Schull*. Copp Clark Publishing Company, Vancouver. 222 pp. This economic chronicle of a "country building on and mortgaged to the future" follows the two trails that merged in 1955 in The Toronto-Dominion Bank. The author dips deeply into biography to bring life and human interest to his narrative. Much of it is presented through the eyes, and often the lips, of those who helped shape Canada's economic development.

But the two banks remain the dominant personalities and the theme is their history.

BALANCE OF PAYMENTS AND ECONOMIC GROWTH. By *J. M. Letiche*. Harper, New York. 378 pp. \$6. A series of critical studies on the theory of international payments. The first part contains historical background and an analytical account of classical and modern theories. The second part consists of case studies applying theories to particular issues of economic development.

BANK NOTE

The tellers' cages line the aisles,
But all the public ever sees
Are signs which give the tellers' names,
Like Mr. Jennings—Mr. Reese;
And underneath them, other signs
Which always read, "Next window,
please."

STEPHEN SCHLITZER

TRADING STAMP PRACTICE AND PRICING POLICY. Edited by *Albert Haring and Wallace O. Yoder*. Indiana University School of Business, Bloomington, Ind. 390 pp. \$6. Without attempting to evaluate the pros and cons of the business, this book reports on the role stamps have in today's business and finds that this promotional device "appears to be here to stay."

NATIONALIZATION IN BRITAIN: THE END OF A DOGMA. By *R. Kelf-Cohen*. St. Martin's Press, New York. 310 pp. \$5.50. The book deals with the basic industries of coal, electricity, gas, transport, and iron and steel, covering 1945-1955. Their future, says the author, is "fraught with many grave problems. The lack of foresight in arranging the transfer to public ownership is now bearing fruit." The costs of "cossetting" these industries are becoming burdensome, and "re-thinking all along the line is now urgently required."

CORPORATION FINANCE. By *Richard C. Osborn*. Harper, New York. 637 pp. \$6.50. This book discusses the nature and significance of the corporation.



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**"Central National Bank of Cleveland fully supports
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says Loring L. Gelbach, chairman of the board

"The Secretary of the Treasury has often pointed to the vital role of Savings Bonds in the sound management of the public debt and control of inflation. In response to the Secretary's appeal, the American Bankers Association at the last convention adopted a resolution pledging

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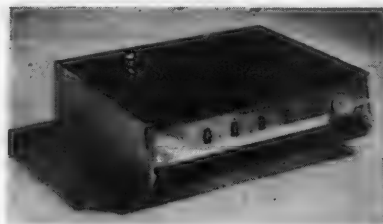


WHAT'S NEW

*This department is compiled by
ETHEL M. BAUER of BANKING's staff.*

A NEW pressure-sensitive Foamstik Tape is distributed by **United Mineral and Chemical Corporation**, 16 Hudson Street, New York 13. Self-adhesive Tesamoll needs no nails, no glue—just press on. Sticks permanently to any clean dry surface. Cushions, absorbs shock, prevents slipping, sliding, scratching, and breakage. "Has a 1001 uses." Write for brochure and sample.

A NEW concept in intercommunication equipment is being introduced by **Talk-A-Phone Co.**, 1512 S. Pulaski Street, Chicago 23. Less than 3" high, the new models, proportioned like a book, lie flat on a desk



and are custom-designed to fit into the operating decor of any modern office.

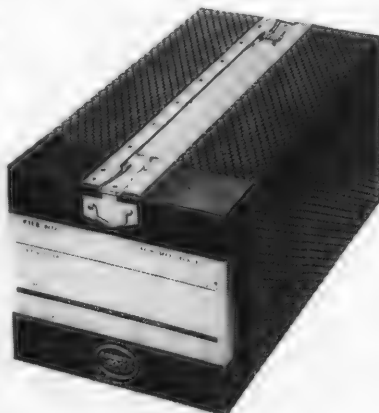
WEATHERPROOF golden-bronze plastic letters and numerals, which imitate costly bronze, have been designed by the **Laramie Chemical Corporation**, P. O. Box 266, Ridgeway Station, Stamford, Conn. Bronze-like alphabets are mounted with a built-in backing of pressure-sensitive Teflon and are made in four small cap sizes: 3/4", 1", 1 1/2", 2". For contrast subtitling, the same letters and numerals can also be had in ebony and ivory.

VARI-TYPER CORP. announces the development of their check personalizer. Names, addresses and account and transit numbers are placed on the checks. After the customer

selects the type style he likes, the Vari-Typer operator types the paper master, places it on the offset duplicator, and quickly runs off the required number of checks. In addition, the necessary type style for the account number and for magnetic ink character recognition will be provided. For further data, contact the company in Newark, New Jersey.

INTRODUCTION of a new Sure-Rite ball pen, designed especially to meet the needs of bookkeepers and accountants, has been announced by the **American Stencil Mfg. Co.** The "Bookkeeper's DUO" is actually two pens in one. One end writes in red, the other in blue or black. The pens have rigid barrels, full length supply of free-flowing, instant-dry ink, and nonskip glide-points. Writing points are extra-fine, ideal for figure work of all kinds. Address: 2714 Walnut Street, Denver 5, Colo.

A NEW record storage file, the Liberty 400, has been announced by the **Bankers Box Co., Inc.**, 2607 N. 25th Ave., Franklin Park, Ill. The spring lock closure provides tension-tight closure of the top lid to seal records securely from dust and dirt. The file has a pull handle; an automatic locking bottom; a wide clean area for quick indexing and identification of stored material. Of one-piece construction, the "400" is packaged flat and can be had in either letter or legal size.



NEW vinyl plastic sleeves protect IBM cards from bending, dirt, or damage. Sleeves are .008" thick, with transparent front and translucent back. Provides flexibility for holding one or a group of cards snugly in place. Manufactured by **Forbes Products Corp.**, 625 S. Goodman Street, Rochester 20, N. Y.

BOOKLETS

How to Use Direct Mail to Promote Your Business, a new 32-page booklet has been published by **Pitney-Bowes, Inc.**, and is available without charge to business and other organizations. To obtain one, send a letter on your company letterhead to Stamford, Conn.

AN 8-page illustrated manual answers questions about office copying machines. Your free copy may be had by writing to **Copease Corporation**, 425 Park Avenue, New York 22.

A NEW Roster Directory for installment credit grantors is now available, free of charge, by request from **Allied Finance Adjusters Conference, Inc.**, P. O. Box 489, Stockton, Calif.

PUBLICATION of a new 8-page booklet describing the advantages of common language tape and edge-punched card machines has just been published by **Remington Rand Division of Sperry Rand Corporation**. Copies of this booklet (RT 8986) can be obtained at any Remington Rand branch office or by writing to the company at 315 Fourth Avenue, New York 10.

PAPER handling costs can be cut 86% according to "For the Records" a 6-page brochure released by **Cummins - Chicago Corp.**, Chicago, Ill. Copies can be had by writing to: 4740 Ravenswood Avenue, Chicago 40.



"I COULD EASILY GET ALONG without Polk's Bank Directory if I memorized the name and title of every bank officer in the country, telephone numbers, branch office locations, legal loan limits, names of directors—to mention a few of the reasons that, hour to hour, reference to Polk's is invaluable to me."

ROGER D. ELTON, Vice President in charge of coordinating correspondent bank relations of Manufacturers Trust Company, New York.

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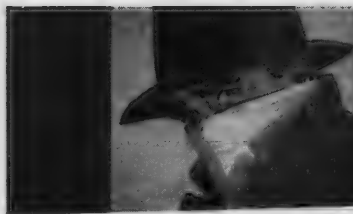


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June 1959

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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 36)

ture. Retail sales have been better than expected and even consumer durables, including automobiles, have shared in the upswing. In fact, the improved outlook for automobiles seems to satisfy even the manufacturers and dealers if they can forget the 7,950,000 figure for 1955 and the 6,100,000 in 1957.

The current maximum terms on new cars are 36 months, and some of the banks have lengthened maturities a little.

One of the areas of most cheerful news is home building. Contracts have been running about 45% ahead of last year, and there is no lag in sales except in regions of large unemployment or those affected by other local factors.

All this in turn has brightened the prospects for sales of household equipment, furniture, rugs, and so on. It also promises an active year for lenders in the mortgage and instalment fields, although there is some fear that money rates will tighten and slow things down.

Second-guessing on domestic automobile output this year is now exceeding 5,500,000 cars, with about 10% to 20% in 1960 models. Foreign automobiles, chiefly small ones, are making quite a dent in our market, but, if U. S. companies have any elaborate plans for meeting this competition, baby buggy for baby buggy, they are not saying much about it.

* * *

SEVERAL MONTHS AGO there was more talk along this line than now, but there was never the enthusiasm for the idea among our leading car makers which the problem seemed to call for. While there will undoubtedly be some gesture away from fat, chromy, low, and finny styles in the 1960 offerings, it is an accepted fact that sales of small cars will be at the expense of the traditional models.

There will be some slackening of auto output in the third quarter, as usual, with the changeover in models, and a prolonged steel strike could aggravate this situation, too.

The steel outlook is still dominated by the prospect of a strike. Labor's negotiating position has not been hurt by the industry's high earnings this year. Much of the improved profits came from operational economies and the obvious ability of the industry to increase production considerably without calling a substantial number back to work.

Corporation Dividends

Cash dividend payments by corporations issuing public reports amounted to \$810,000,000 in April, the Office of Business Economics, U. S. Department of Commerce, has announced. This figure compares with a total of \$780,000,000 reported for the corresponding month of last year.

Most of the increase over April 1958 occurred in finance, communications, and the electric utilities, where advances averaging 6 to 8% were recorded. Changes among other nonmanufacturing industries were generally limited in size.

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NAME _____ TITLE _____
BANK _____
CITY _____
STREET _____ STATE _____

Publicly Reported Cash Dividends

(millions of dollars)

	April		Four months total	
	1959	1958	1959	1958
Total.....	810.7	780.4	3,870.1	3,772.2
Manufacturing.....	275.8	270.0	1,848.0	1,841.9
Food, beverages and tobacco	50.8	47.8	184.3	173.6
Textiles and leather.....	11.7	12.1	39.9	41.7
Paper and printing.....	19.4	16.6	77.9	76.5
Chemicals.....	26.4	24.1	252.7	248.4
Oil refining.....	4.4	4.3	363.1	352.9
Iron and steel.....	22.8	27.6	189.3	194.6
Nonferrous metals.....	5.2	6.0	51.1	57.1
Machinery (except electrical)	26.6	27.2	123.7	128.6
Electrical machinery.....	54.7	53.5	163.4	160.2
Transportation equipment...	6.4	6.8	47.5	52.4
Automobiles.....	3.7	3.5	181.3	187.8
Other manufacturing.....	43.7	40.5	173.8	168.1
Mining.....	8.5	8.8	124.2	138.8
Trade.....	60.2	62.9	216.5	214.6
Finance.....	156.2	145.9	606.6	580.9
Railroads.....	21.0	21.3	138.1	118.1
Electric and gas utilities.....	105.7	99.1	456.2	428.3
Electric light and power.....	89.0	82.6	351.7	329.2
Gas.....	16.7	16.5	104.5	99.1
Communications.....	175.8	166.6	424.4	396.5
Miscellaneous.....	7.5	5.8	56.1	53.1

SOURCE: National Income Division, Office of Business Economics, U. S. Department of Commerce.

April payments by manufacturers were up 2% over a year ago. Most of the nondurables groups distinguished in the OBE tabulation paid higher dividends. Changes in the timing of disbursements led to a sharp percentage decrease in the iron and steel industry, however, and several other durable-goods industries registered small cuts.

* * *

PUBLICLY REPORTED cash dividend payments in the first four months of 1959, at \$3,870,000,000 were about \$100,000,000 or 2½% above the corresponding period a year ago.

The public utilities and finance groups accounted for much of the increase. The substantial rise in railroad payments this year reflects the fact that one carrier made a special distribution out of earned surplus. There was a drop of one-tenth from a year ago in mining disbursements; this reflected a rate reduction in the petroleum group in March.

Manufacturing disbursements about matched the over-all performance of January-April 1958. Advances in food and beverages, oil refining, and other nondurables groups were almost offset by cuts in durable-goods industries.

Detailed April and four months' data and comparisons with last year are summarized for various industry groups in the table above.

Profits and Expansion

The relationship between business profits and business expansion was discussed in an effective and enlightening way by U. S. Steel Chairman Roger Blough in a recent statement to a Senate committee. The reference was parenthetical in connection with another matter but is worth underlining because of its timely nature.

"In a capitalistic society," he said, "the only way to acquire the tools of production is through profit—the reinvestment of profit, or the investment of savings, in the expectation of profit. There is no other way. And the only purpose for which a corporate profit can be thus used is to pay for the use and improvement of the tools of production—the plants, the machines, furnaces, mills, mines, inventories, and all of the other capital facilities necessary to the production process . . .

"The truth is that a corporate profit, in industry, is what is left over after all the necessary payments except one have been made. And this one payment which has not been met is the payment that must be made for the use of the existing tools of production and for the addition of new ones through direct reinvestment. Of all the expenditures of a business, this payment for tools is without doubt the most important to our national growth and survival."

* * *

COPPER IS ANOTHER big industry with mid-year labor negotiations looming, but most observers think the copper group will be influenced greatly by what happens in steel. Taking the dimmest possible view, a strike in both steel and copper lasting several months could put quite a crimp in the billowing "sales" of recovery.

* * *

CORPORATE PROFITS are the figures to watch not so much for the big rise over 1958 but for their promise of future capital investments in plants and equipment.

If anything will push GNP through the \$500-billion mark this year it will be a powerful resumption of business spending for expansion and improvement, and all the elements necessary to this seem present, including the ever-present threat of inflation.

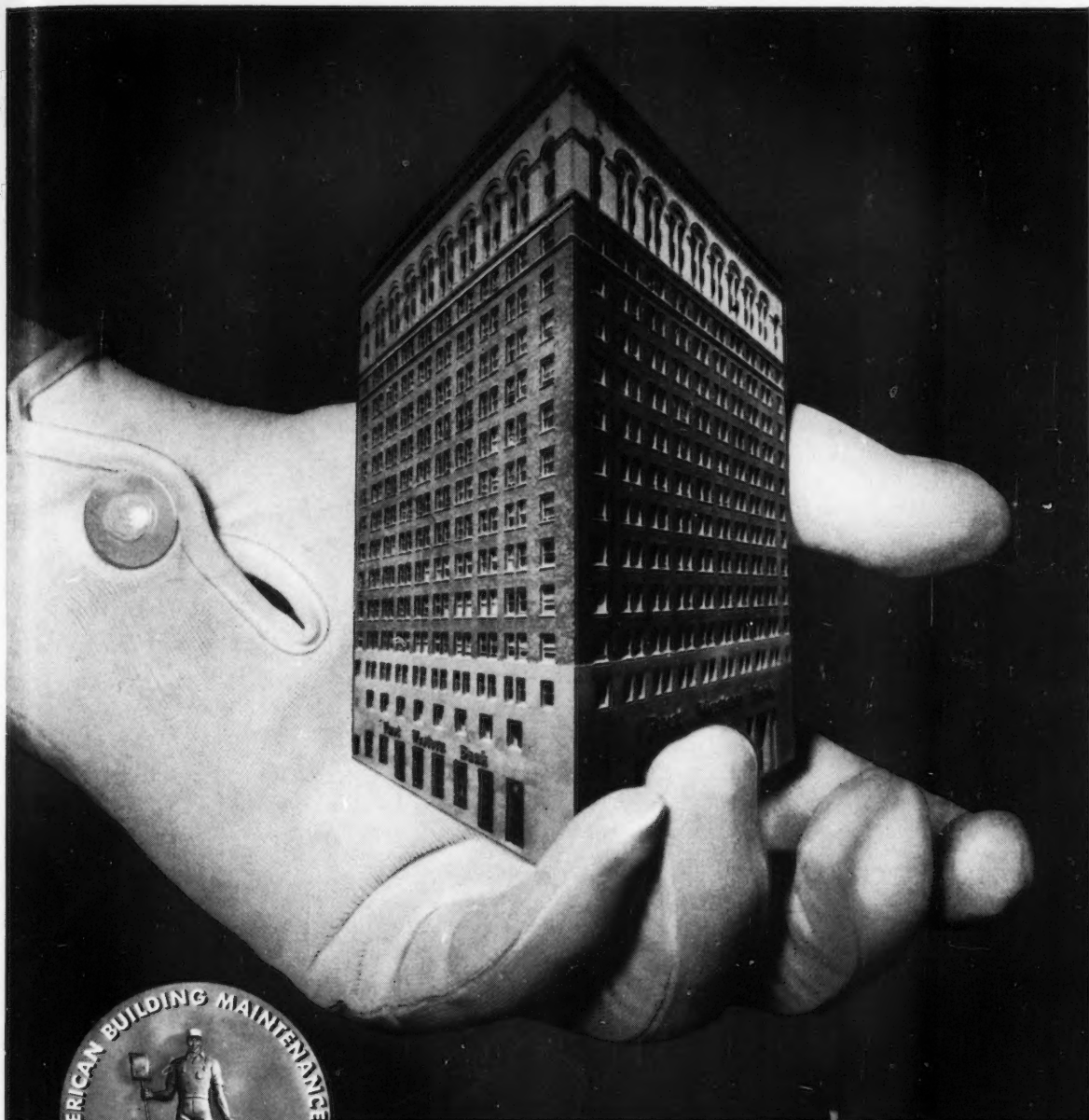
* * *

RIGHT NOW BUSINESS PROFITS are showing a rise of almost 50% over last year but this is the stuff that dreams are made of because last year at this time profits were sick. Corporate cash is accumulating, but the percentages of betterment vary incredibly between companies and categories. Steels and motors generally show up best, with foods and tobaccos at the other end of the spectrum.

These comparisons, company by company, or by categories are deceptive because the concerns which were most recession-proof last year naturally show a lower percentage of improvement.

Nevertheless the figures are a thing of beauty and a joy to the Treasury, which has been on a diet of deficits for a while. The Treasury, incidentally, never once lost confidence that a balanced budget was in our future, and soon. The \$13-billion deficit was financed to a large degree outside the banks, although at higher rates and shorter terms, so the financial decks are clear for a month or so.

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"WHEN THE COLONEL ASKED for a half million dollars' worth of Travelers Cheques in small denominations," recalls Bob Hebron of American Express, "I agreed."

"But when he asked could he have it first thing next morning—and here it was late afternoon—I gulped."

Then the colonel explained. It seemed that several thousand servicemen, back from Korea, had just arrived in St. Louis for immediate mustering out. And the Army had found that soldiers who converted their discharge pay to Travelers Cheques were less

likely to lose it or spend it foolishly.

"Well," continues Bob, "the colonel had his half million and the boys had their discharges ... right on time."

Granted, a half million all at once in American Express Travelers Cheques is unusual. But the *service* that Bob Hebron rendered is *not*. It's the kind of service you or your clients would receive at any of the 400 American Express offices around the world.

For although American Express covers such diverse areas as Travelers Cheques and travel planning ... field warehousing and overseas commercial

banking ... ours remains a *personalized* business. Quoting Bob Hebron again:

"My personal contacts with the banking people in my area are most pleasant—and they save the banks and me plenty of time and trouble. Clearances by telephone, for example, can often be arranged when you know the bank staffs."

Which is what we mean when we say: American Express provides you and your customers home-town service away from home ... all around the world.

American Express Company

TRAVELERS CHEQUES • CREDIT CARDS • TRAVEL SERVICE



Robert E. Hebron, Sr., District Manager, American Express, St. Louis

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